

Statutes of Washington" been in force and effect at the time such bond was signed and given.

Passed the Senate March 9, 1915.

Passed the House March 9, 1915.

Approved by the Governor March 19, 1915.

CHAPTER 175.

[H. B. 106.]

MUTUAL SAVINGS BANKS.

AN ACT authorizing the incorporation of mutual savings banks, defining their powers and duties, and prescribing penalties for violations hereof.

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

SECTION 1. When authorized by the state bank examiner, as hereinafter provided by this act, not less than nine or more than thirty persons may form a corporation to be known as a "Mutual Savings Bank." Such persons must be citizens of the United States; at least four-fifths of them must be residents of this state, and at least two-thirds of them must be residents of the county where the bank is to be located and its business transacted, they shall subscribe and acknowledge an incorporation certificate in triplicate which shall specifically state

Authority to
organize.

Incorpo-
rators.

(1) The name by which the savings bank is to be known, which name shall include the words "mutual savings bank;"

Certificate
of incor-
poration.

(2) The place where the bank is to be located, and its business transacted, naming the city or town and county;

(3) The name, occupation, residence and post office address of each incorporator;

(4) The sums which each incorporator will contribute in cash to the initial guaranty fund, and to the expense fund respectively, as provided in sections 7 and 8 of this act.

(5) A declaration that each incorporator will accept the responsibilities and faithfully discharge the duties of

a trustee of the savings bank, and is free from all the disqualifications specified in section 28 of this act.

Notice of
intention to
organize.

SEC. 2. At the time of executing the incorporation certificate, the proposed incorporators shall sign a notice of intention to organize the mutual savings bank, which shall specify their names, the name of the proposed corporation, and its location as set forth in the incorporation certificate. The original of such notice shall be filed in the office of the state examiner within sixty days after the date of its execution, and a copy thereof shall be published at least once a week for four successive weeks in a newspaper designated by the state bank examiner, the publication to be commenced within thirty days after such designation. At least fifteen days before the incorporation certificate is submitted to the examiner for examination, as provided in the section next following, a copy of such notice shall be served upon each savings bank doing business in the city or town named in the incorporation certificate, by mailing such copy (postage prepaid) to such bank.

Filing and
publication.

Submission
of certificate
to bank
examiner.

SEC. 3. After the lapse of at least twenty-eight days from the date of the first due publication of the notice of intention to incorporate, and within ten days after the date of the last publication thereof, the incorporation certificate executed in triplicate shall be submitted for examination to the state examiner at his office in Olympia, with affidavits showing due publication and service of the notice of intention to organize prescribed in section 2.

Examination
as to neces-
sity for bank
and fitness of
incorporators.

SEC. 4. When any such certificate shall have been filed for examination the state examiner shall thereupon ascertain from the best source of information at his command, and by such investigation as he may deem necessary, whether the character, responsibility and general fitness of the person or persons named in such certificate are such as to command confidence and warrant belief that the business of the proposed bank will be honestly and efficiently conducted in accordance with the intent and purpose of this act, and whether the public convenience and advantage will be promoted by allowing such proposed bank to be incor-

porated and engage in business, and whether greater convenience and access to a savings bank would be afforded by any considerable number of depositors by opening a mutual savings bank in the place designated, whether the population in the neighborhood of such place, and in the surrounding country, affords a reasonable promise of adequate support for the proposed bank, and whether the contributions to the initial guaranty fund and expense fund have been paid in cash. After the state examiner shall have satisfied himself by such investigation whether it is expedient and desirable to permit such proposed bank to be incorporated and engage in business, he shall within sixty days after the date of the filing of such certificate for examination endorse upon each of the triplicates thereof over his official signature the word "Approved" or the word "Refused," with the date of such endorsement. In case of refusal he shall forthwith return one of the triplicates so endorsed to the proposed incorporators from whom such certificate was received. From the state examiner's refusal to issue a certificate of authorization, the applicants or a majority of them, may within thirty days from the date of the filing of the certificate of refusal with the secretary of state, appeal to a board of appeal composed of the governor, the attorney general and the state examiner, by filing in the office of the state examiner a notice that they appeal to such board from his refusal. The procedure upon the appeal shall be such as the board may prescribe, and its determination shall be certified, filed and recorded in the same manner as the state examiner's, and shall be final. In case of approval, he shall forthwith give notice thereof to the proposed incorporators, and file one of the triplicate certificates in his own office, shall transmit another triplicate to the county auditor of the county in which such bank is to be located and shall transmit the third triplicate to the secretary of state. Upon receipt from the proposed incorporators of the same fees as are required for filing and recording other incorporation certificates, the county auditor and the secretary

Appeal to
board of
appeal.

Filing of cer-
tificates by
examiner.

of state shall file said certificate in their respective offices, and the secretary of state shall record the same. Upon the filing of said incorporation certificate in triplicate approved as aforesaid in the offices of the state bank examiner, the secretary of state and county auditor as hereinbefore directed, the persons named therein and their successors shall thereupon become and be a corporation, which corporation shall have the powers and be subject to the duties and obligations prescribed in this act, and its corporate existence shall continue for the period of fifty years from the date of the filing of such certificates, unless sooner terminated pursuant to law, but such corporation shall not receive deposits or engage in business until authorized so to do by the state examiner as provided in the next section following.

Corporate
existence.

SEC. 5. Before any mutual savings bank shall be authorized to do any business the state examiner shall be satisfied that such corporation has in good faith complied with all the requirements of law and fulfilled all the conditions precedent to commencing business imposed by this act. If satisfied that such corporation has in good faith complied with all the requirements of law, and fulfilled all the conditions precedent to commencing business imposed by this act, the state examiner shall within six months after the date upon which such proposed organization certificate was filed with him for examination, but in no case after the expiration of that period, issue under his hand and official seal in quadruplicate an authorization certificate to such corporation. Such authorization certificate shall state that the corporation therein named has complied with all the requirements of law, that it is authorized to transact at the place designated in its certificate of incorporation, the business of a mutual savings bank. One of the quadruplicate authorization certificates shall be transmitted by the state examiner to the corporation therein named, and the other three authorization certificates shall be filed by the state examiner in the same public offices where the certificate of incorporation is filed, and shall be attached to said incorporation certificate.

Issuance
and filing of
authorization
certificates.

SEC. 6. Before such corporation shall be authorized to receive deposits or transact business other than the completion of its organization, the state examiner shall be satisfied that:

Conditions precedent to reception of deposits.

(1) The incorporators shall have made the deposit of the initial guaranty fund required by this act.

(2) That the incorporators have made the deposit of the expense fund required by section 8 of this act, and if the state examiner shall so require, shall have entered into the agreement or undertaking with the state examiner, and shall have filed the same and the security therefor as prescribed in said section.

(3) That said corporation has transmitted to the state examiner the name, residence and post office address of each officer of the corporation.

(4) That its certificate of incorporation in triplicate has been filed in the respective public offices designated in this act.

SEC. 7. Before any mutual savings bank shall be authorized to do business, its incorporators shall create a guaranty fund for the protection of its depositors against loss on its investments whether arising from depreciation in the market value of its securities or otherwise.

Guaranty fund.

(1) Such guaranty fund shall consist of payments in cash made by the original incorporators and of all sums credited thereto from the earnings of the savings bank as hereinafter required.

(2) The incorporators shall deposit to the credit of such savings bank in cash as an initial guaranty fund at least \$5000.

(3) Prior to the liquidation of any such savings bank such guaranty fund shall not be in any manner encroached upon, except for losses and the re-payment of contributions made by incorporators or trustees as hereinafter provided, until such fund together with undivided profits exceeds 25 per centum of the amount due depositors.

(4) The amounts contributed to such guaranty fund by the incorporators or trustees shall not constitute a liability

of the savings bank, except as hereinafter provided, and any loss sustained by the savings bank in excess of that portion of the guaranty fund created from earnings may be charged against such contributions pro rata.

Expense
fund.

SEC. 8. Before any mutual savings bank shall be authorized to do business, its incorporators shall create an expense fund from which the expense of organizing such savings bank and its operating expenses may be paid, until such time as its earnings are sufficient to pay its operating expenses in addition to such dividends as may be declared and credited to its depositors from its earnings. The incorporators shall deposit to the credit of such savings bank in cash as an expense fund the sum of \$5000. They shall also enter into such an agreement or undertaking with the state examiner as trustee for the depositors with the savings bank as he may require to make such further contributions in cash to the expense fund of such savings bank as may be necessary to pay its operating expenses until such time as it can pay them from its earnings, in addition to such dividends as may be declared and credited to its depositors. Such agreement or undertaking shall fix the maximum liability assumed thereby which shall be a reasonable amount approved by the state examiner and the same shall be secured to his satisfaction, which security in his discretion may be by a surety bond executed by a domestic or foreign corporation authorized to transact within this state the business of surety. The agreement or undertaking and security shall be filed in the office of the state examiner. Such agreement or undertaking and such security need not be made or furnished unless the state examiner shall require the same. The amounts contributed to the expense fund of said savings bank by the incorporators or trustees shall not constitute a liability of such savings bank except as hereinafter provided.

Security
for main-
tenance
of fund.

Repayment
of contribu-
tions to ex-
pense fund.

SEC. 9. Contributions made by the incorporators or trustees to the expense fund may be repaid pro rata to the contributors from that portion of the guaranty fund created from earnings whenever such payments will not re-

duce the guaranty fund below five per centum of the total amount due depositors.

(1) In case of the liquidation of the savings bank before such contributions to the expense fund have been repaid, any contributions to the expense fund remaining unexpended after the payment of the expenses of liquidation may be repaid to the contributors pro rata.

(2) Whenever the contributions of the incorporators or trustees to the expense fund of such savings bank have been returned to them, the contributions made to the guaranty fund by incorporators or trustees may be returned to them pro rata from that portion of the guaranty fund created from the earnings of the savings bank; *Provided*, That such repayments will not reduce the earned portion of the guaranty fund below five per centum of the amount due depositors. In case of liquidation of the savings bank before such contributions to the guaranty fund have been repaid, any portion of such contributions not needed for the payment of the expenses of liquidation, and the payment of depositors in full, and the repayment of contributions to the expense fund, may be repaid to the contributors pro rata.

Return of
contributions
to guaranty
fund.

SEC. 10. Every mutual savings bank incorporated under this act shall have, subject to the restrictions and limitations contained in this act, the following powers:

Powers of
bank.

(1) To receive deposits of money, to invest the same in the property and securities prescribed in this act, to declare dividends in the manner prescribed in this act, and to exercise by its board of trustees or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of a savings bank.

(2) To issue transferable certificates showing the amounts contributed by any incorporator, or trustee, to the guaranty fund of such bank, or for the purpose of paying its expenses. Every such certificate shall show that it does not constitute a liability of such savings bank, except as otherwise provided in this act.

(3) To purchase, hold and convey real property as prescribed in section 11 of this act.

(4) To pay depositors as hereinafter provided, and when requested by them, by drafts upon deposits to the credit of the savings bank in any city in the United States, and to charge current rates of exchange for such drafts.

(5) To borrow money in an emergency for the purpose of repaying depositors, and to pledge or hypothecate securities as collateral for loans so obtained, under the conditions prescribed in this act.

(6) To collect or protest promissory notes or bills of exchange owned by such bank or held by it as collateral, and remit the proceeds of the collections by drafts upon deposits to the creditor of the savings bank in any city in the United States, and to charge the usual rates or fees for such collection and remittance for such protest.

(7) To sell gold or silver received in payment of interest or principal of obligations owned by the savings bank, or from depositors in the ordinary course of business.

(8) To elect or appoint in such manner as it may determine all necessary or proper officers, agents, boards and committees, to fix their compensation, subject to the provisions of this act, and to define their powers and duties, and to remove them at will.

(9) To make and amend by-laws consistent with law for the management of its property and the conduct of its business.

(10) To wind up and liquidate its business in accordance with this act.

(11) To adopt and use a common seal and to alter the same at pleasure.

(12) To do all other acts authorized by this act.

SEC. 11. A mutual savings bank may invest the moneys deposited therein, the sums credited to the guaranty fund thereof, and the income derived therefrom in the following property and securities, and no others, and subject to the following restrictions:

FIRST—PUBLIC FUNDS.

(a) The bonds or interest bearing notes or obligations of the United States or those for which the faith of the United States is pledged to provide for the payment of the interest and principal, including bonds of the District of Columbia. Federal bonds and obligations.

(b) The bonds or interest bearing obligations of this state issued pursuant to the authority of any law of this state. State bonds.

(c) The bonds or interest bearing obligations of any other state of the United States upon which there is no default, and upon which there has been no default for more than ninety days; *Provided*, That within ten years immediately preceding the investment such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt duly authorized by the legislature of such state to be contracted by such state since January 1st, 1878.

(d) The valid bonds of any city, town, county, school district or port district 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, or valid warrants of such municipality, county or district drawing interest, and for which payment such municipality, county or district is liable. City, county, school and port bonds.

(e) Bonds of any incorporated city situated in any other state of the United States; *Provided*, Such city has a population as shown by the Federal census next preceding the investment, of not less than 45,000 inhabitants, and was incorporated as a city at least twenty-five years prior to the making of the investment, and has not since January 1st, 1878, defaulted for more than ninety days in the payment of any part of principal or interest of any bond, note or other indebtedness, or effected any compromise of any kind with the holders thereof. If at any time the indebtedness of any such city, together with the indebtedness of any district (other than local improvement district) or other municipal corporation or sub-division, Bonds of cities of other states.

except a county, which is wholly or in part included within the bounds or limits of said city, less its water debt and sinking fund, shall exceed seven per centum of the valuation of such city for purposes of taxation, its bonds shall thereafter, and until such indebtedness shall be reduced to seven per centum of such valuation, cease to be an authorized investment of the moneys of mutual savings banks.

Commercial
waterway
bonds.

(f) Bonds of any commercial waterway district in this state; *Provided*, The total obligations of such district by bonds, warrants or otherwise do not exceed ten per cent. of the assessed valuation of the lands and improvements within such district; *And provided further*, That this authorization does not extend to the thirty per cent. in amount of such bond issue last callable for payment.

Local im-
provement
bonds.

(g) Bonds of any local improvement district of any city or town in this state, excepting as to any given issue the twenty-five per cent. thereof in amount that will be last called for payment: *Provided*, That before any such bonds be purchased or taken as security the property of the district shall be examined and appraised by at least two trustees who shall report in writing their findings and recommendations; and no bonds shall be taken unless such report be favorable, nor in any event if the total assessment securing such issue exceeds fifty per cent. of the value of the assessed property, exclusive of improvements, at the time the improvement was ordered, according to the valuation last placed upon it for general taxation: *And provided further*, That no bonds shall be taken when the improvement consists of grading only. Before investing in any such bonds, the bank shall carefully inquire into the validity thereof.

SECOND: THE FOLLOWING BONDS OF RAILROAD CORPORATIONS:

Railway
mortgage
bonds.

(a) The mortgage bonds of any railroad corporation incorporated under the laws of the United States or any of the states thereof which actually owns in fee not less than five hundred miles standard gauge railway, exclusive of sidings, within the United States; *Provided*, That at

no time within five years next preceding the date of any such investment such railroad corporation shall have failed regularly and punctually to pay the matured principal and interest of all its mortgaged indebtedness, and in addition thereto regularly and punctually to have paid in dividends to its stockholders during each of said five years, an amount at least equal to four per centum upon all its outstanding capital stock; *And provided further*, That during said five years the gross earnings in each year from the operations of said company, including therein the gross earnings of all railroads leased and operated, or controlled and operated by said company, and also including in said earnings the amount received directly or indirectly by said company from the sale of coal from mines owned or controlled by it, shall not have been less in amount than five times the amount necessary to pay the interest payable during that year upon its entire outstanding indebtedness, and the rentals for said year of all leased lines; *And provided further*, That all bonds authorized for investment by this paragraph shall be secured by a mortgage which is at the time of making such investment, or was at the date of the execution of said mortgage (one) a first mortgage upon not less than seventy-five per centum of the railway owned in fee by the company issuing such bonds, exclusive of sidings at the date of such mortgage, or (two) a refunding mortgage issued to retire all prior lien mortgage debts of such company outstanding at the time of such investment and covering at least seventy-five per centum of the railway owned in fee by such company at the date of such mortgage. But no one of the bonds so secured shall be a legal investment in case the mortgage securing the same shall authorize a total issue of bonds which, together with all outstanding prior debts of such company, after deducting therefrom in case of a refunding mortgage the bonds reserved under the provisions of such mortgage to retire prior debts at maturity, shall exceed three times the outstanding capital stock of such company at the time of making such investment. And no mortgage is to be re-

garded as a refunding mortgage under the provisions of this paragraph unless the bonds which it secures mature at a later date than any bond which it is given to refund, nor unless it covers a mileage at least twenty-five per centum greater than is covered by any one of the prior mortgages so to be refunded.

(b) Any railway mortgage bonds which would be a legal investment under the provisions of paragraph (a) of this sub-division, except for the fact that the railroad corporation issuing such bonds actually owns in fee less than five hundred miles of road; *Provided*, That during five years next preceding the date of any such investment the gross earnings in each year from the operations of said corporation, including the gross earnings of all lines leased and operated or controlled and operated by it, shall not have been less than \$10,000,000.

(c) The mortgage bonds of a railroad corporation described in the foregoing paragraphs (a) or (b) or the mortgage bonds of a railroad owned by such corporation assumed or guaranteed by it by endorsement on such bonds, provided such bonds are prior to and are to be refunded by a general mortgage of such corporation, the bonds secured by which are made a legal investment under the provisions of said paragraph (a) or (b) *And provided further*, That said general mortgage covers all the real property upon which the mortgage securing such underlying bonds is a lien.

Effect of
consolidation
or purchase
of railroad
by other
corporation.

Bonds which have been or shall become legal investments for mutual savings banks under any of the provisions of this section shall not be rendered illegal as investments though the property upon which they are secured has been or shall be conveyed to another corporation, if the consolidated or purchasing corporation shall assume the payment of such bonds, and shall continue to pay regularly interest or dividends or both upon the securities issued against, or in exchange for or to acquire the stock of the company consolidated to an amount at least equal to four per centum per annum upon the capital stock (outstanding

at the time of such consolidation or purchase) of the corporation which has issued or assumed such bonds.

Not more than twenty-five per centum of the assets of any savings bank shall be loaned or invested in railroad bonds, and not more than five per cent. of the assets of any savings bank shall be invested in the bonds of any one railroad corporation. In determining the amount of the assets of any savings bank under the provisions of this sub-division its securities shall be estimated in the manner prescribed by section 26 of this act.

Limit of investments in railroad bonds.

Street railroad corporations shall not be considered railroad corporations within the meaning of this act.

Street railroads excluded.

THIRD—LOANS ON PERSONAL SECURITY.

Promissory notes payable to the order of the savings bank upon demand, secured by the pledge or assignment of any of the bonds, warrants or interest bearing obligations hereinbefore in this section mentioned, or secured by pledge or assignment of one or more real estate mortgages of the class described in sub-division fourth of this section, but no such loan shall exceed ninety per centum of the cash market value of such securities so pledged. Should any of the securities so held in pledge depreciate in value after the making of such loan, the savings bank 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 ninety per cent. of the market value of the securities so pledged for such loan.

Collateral security.

FOURTH—REAL ESTATE MORTGAGE LOANS.

Investments may be made in loans secured by first mortgage on real estate subject to the following restrictions:

In all cases of loans upon real property, a note or bond secured by a mortgage on the real estate upon which the loan is made, together with a complete abstract of title for such real estate signed by the person or corporation furnishing such abstract of title, (which abstract shall be examined by a competent attorney at law, selected by the bank, and his opinion furnished approving the title and

Mortgage loans on realty.

showing that the mortgage is a first lien) or a policy of title insurance of a reliable title insurance company authorized to insure titles within this state shall be furnished to the savings bank by the borrower.

Regulations
governing
loans.

The real estate subject to such first mortgage must be improved to such extent that the net annual income thereof, or reasonable annual rental value thereof in the condition existing at the time of making the loan, is sufficient to pay the annual interest accruing on such loan in addition to taxes and insurance, and all accruing charges and expenses. No loan on real estate shall be for an amount greater than fifty per centum of the value of such real estate including improvements. The mortgage shall contain provisions requiring the mortgagor to maintain insurance on the buildings on the mortgaged premises to such reasonable amount as shall be stipulated in the mortgage, the policy to be payable in case of loss to the savings bank, and to be deposited with it. 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.

Not more than seventy-five per centum of the assets of any savings bank shall be invested in mortgage loans.

No mortgage loan or renewal or extension thereof shall be made except upon written application showing the date, name of applicant, amount of loan requested, and the security offered, nor except upon the written report of at least two members of the board of investment of the bank certifying on such application according to their best judgment the value of the property to be mortgaged and recommending the loan, and the application and written report thereon shall be filed and preserved with the savings bank records. Every mortgage and every assignment of a mortgage taken or held by a savings bank shall be taken and held in its own name, and shall immediately be recorded in the office of the county auditor of the county in which the mortgaged property is located.

FIFTH: REAL ESTATE AS FOLLOWS:

(a) A tract of land whereon there is or may be erected a building or buildings suitable for the convenient transaction of the business of the savings bank, from portions of which not required for its own use a revenue may be derived. The investment in such tract of land to be subject to the conditions prescribed in section 12 of this act.

Acquisition
of real estate.

(b) Such as shall be conveyed to such savings bank in satisfaction of debts previously contracted in the course of its business.

(c) Such as it shall purchase at sales under judgments, decrees or mortgages held by it.

SEC. 12. The cost of the land and building or buildings for the transaction of the business of a savings bank shall in no case exceed twenty-five per centum of the guaranty fund of such savings bank, except with the approval of the state examiner; and before the purchase of such property is made, or the erection of a building or buildings is commenced, the estimate of the cost thereof and completion of the building or buildings shall be submitted to and approved by the state examiner.

Bank
building.

All real estate purchased by any such bank, or taken by it in satisfaction of debts due it, shall be conveyed to it directly by name, and the conveyance shall be immediately recorded in the office of the proper recording officer of the county in which such real estate is located.

Conveyances
and
recordation.

Every parcel of real estate purchased or acquired by any such bank shall be sold by it within five years from the date on which it shall have been acquired (the time of acquisition in the case of real estate subject to redemption being understood to be the date on which the right of redemption expires) unless

Disposal of
real estate
within five
years.

(1) There shall be a building thereon occupied by the savings bank as its offices, or

(2) The state examiner on application of the board of trustees shall have extended the time within which such sale shall be made.

Merchandising prohibited.

SEC. 13. (1) Such bank shall not purchase, deal or trade in any goods, wares, merchandise or commodities whatsoever except such personal property as may be necessary for the transaction of its authorized business.

Dealing in exchange.

(2) Such bank shall not, nor shall any officer thereof in his attendance upon the business of such bank, in any manner buy or sell exchange on other banks or bankers or buy or sell gold or silver except as in this act expressly authorized.

(3) Such bank shall not

Borrowing money.

(1) Borrow money or pledge or hypothecate any of its securities as collateral for the repayment of money borrowed except with the written approval of the state examiner, and in pursuance of a resolution adopted by a vote of a majority of its board of trustees duly entered upon their minutes whereon shall be recorded by ayes and noes the vote of each trustee, a certified copy of such minutes being filed with the state examiner;

Certificates of deposit prohibited.

(2) Make or issue any certificate of deposit payable either on demand or at a fixed day.

Depositaries.

SEC. 14. No such bank shall deposit any of its funds with any other monied corporation unless the latter has been designated as a depositary for the saving bank's funds by vote of a majority of the trustees of the savings bank, exclusive of any trustee who is an officer, director or trustee of the depositary so designated.

Officing with other banks.

SEC. 15. (1) A savings bank shall not do business or be located in the same room with, or in a room connecting with any other bank, trust company or national banking association.

Place of business.

(2) No savings bank or any officer or director thereof shall receive deposits or transact any of its usual business at any place other than its principal place of business.

Wrongful entry of assets.

SEC. 16. (1) No bank shall by any system of accounting, or any device of bookkeeping, directly or indirectly, enter any of its assets upon its books in the name of any other individual, partnership, unincorporated as-

sociation, or corporation, or under any title or designation that is not in accordance with the actual facts.

(2) The bonds, notes, mortgages or other interest bearing obligations purchased or acquired by a savings bank, shall not be entered on its books at more than the actual cost thereof, and shall not thereafter be carried upon its books for a longer period than until the next declaration of dividends, or in any event for more than one year, at a valuation exceeding their present cost as determined by amortization, that is, by deducting from the cost of any such security purchased for a sum in excess of the amount payable thereon at maturity and charging to "profit and loss" a sufficient sum to bring it to par at maturity, or adding to the cost of any such security purchased at less than the amount payable thereon at maturity and crediting to "profit and loss" a sufficient sum to bring it to par at maturity.

Amortization
of interest
bearing
obligations.

(3) No such bank shall enter, or at any time carry on its books the real estate and the building or buildings thereon used by it as its place of business at a valuation exceeding their actual cost to such bank.

Valuation
of real estate
on books.

(4) Every such bank shall conform its methods of keeping its books and records to such orders in respect thereof as shall have been made and promulgated by the state examiner. Any officer, agent or employee of any savings bank who refuses or neglects to obey any such order shall be punished as hereinafter provided.

Methods of
bookkeeping.

SEC. 17. (1) The aggregate amount of deposits to the credit of any individual at any time, including in such aggregate all deposits credited to him as trustee or beneficiary of any trust, and all deposits credited to him and another or others in either joint or several form, shall not exceed \$3,000, exclusive of dividends. Additional accounts may, however, be maintained in the name of parent as trustee for a dependent or minor child, and in the name of a child as trustee for a dependent parent: *Provided, however,* That not more than \$250 shall be deposited to

Limit on
individual
deposits.

any such additional account during any six months' period.

Corporate deposits.

(2) The aggregate amounts of deposits to the credit of any society or corporation at any time shall not exceed \$5,000., exclusive of dividends, unless such deposit has been made pursuant to order of a court of competent jurisdiction, and a certified copy of the order filed with the bank.

Refusal and return of deposits.

(3) Every such bank may further limit the aggregate amount which an individual, or any corporation or society, may deposit to such sum as such bank may deem expedient to receive; and may in its discretion refuse to receive a deposit, or may at any time return all or any part of any deposit.

Payment of deposits and dividends.

SEC. 18. The sums deposited with any such bank, together with any dividends credited thereto, shall be repaid to the depositors thereof respectively, or to their legal representatives, after demand in such manner, and at such times, and under such regulations, as the board of trustees shall prescribe, subject to the provisions of this and the next following section. Such regulations shall be posted in a conspicuous place in the room where the business of such savings bank shall be transacted, and shall be printed in the pass books or other evidence of deposit furnished by it, and shall be evidence between such bank and the depositors holding the same of the terms upon which the deposits therein acknowledged are made.

Six months' notice.

(1) Such bank may at any time by a resolution of its board of trustees require a notice of not more than six months before repaying deposits, in which event no deposit shall be due or payable until the required notice of intention to withdraw the same shall have been personally given by the depositor: *Provided*, That such bank at its option may pay any deposit or deposits before the expiration of such notice. But no bank shall agree with its depositors or any of them in advance to waive the requirement of notice as herein provided.

Pass book to accompany checks.

(2) Except as provided in sub-division (3) of this section the savings bank shall not pay any dividend, or

deposit, or portion thereof, or any cheque drawn upon it by a depositor unless the pass book of the depositor be produced, and the proper entry be made therein at the time of the payment.

(3) The board of trustees of any such bank may by its by-laws provide for making payments in cases of loss of pass book, or other exceptional cases where the pass books cannot be produced without loss or serious inconvenience to depositors, the right to make such payments to cease when so directed by the state examiner upon his being satisfied that such right is being improperly exercised by any such bank; but payments may be made at any time upon the judgment or order of a court.

Loss of
pass books.

(4) If any person shall die leaving in any such bank an account on which the balance due him shall not exceed \$250. and no executor or administrator of his estate shall be appointed, such bank may in its discretion pay the balance of his account to his widow (or if the decedent was a married woman, then to her husband), next of kin, funeral director or other creditor who may appear to be entitled thereto. As a condition of such payment such bank may require proof by affidavit as to the parties in interest, the filing of proper waivers, the execution of a bond of indemnity with surety or sureties by the person to whom the payment is to be made, and a proper receipt and acquittance for such payment. For any such payment pursuant to this section such bank shall not be liable to the decedent's executor or administrator thereafter appointed, unless the payment shall have been made within one year after the decedent's death, and an action to recover the amount shall have been commenced within one year after the date of payment.

Payments on
death in
absence of
personal rep-
resentative.

Liability for
payments.

SEC. 19. (1) When any deposit shall be made by or in the name of any minor, the same shall be held for the exclusive right and benefit of such minor, and free from the control or lien of all other persons, except creditors, and shall be paid, together with dividends thereon, to the person in whose name the deposit shall have been made, and his receipt or acquittance shall be a valid discharge.

Deposits of
minors.

Joint
deposits.

(2) After any deposit shall be made by any person in the names of such depositor and another person and in form to be paid to either or the survivor of them, such deposit and any additions thereto made by either of such persons after the making thereof, shall become the property of such persons as joint tenants, and the same, together with all dividends thereon, shall be held for the exclusive use of such persons and may be paid to either during the lifetime of both or to the survivor after the death of one of them, and such payment and the receipt or acquittance of the one to whom such payment is made shall be a valid and sufficient release and discharge to such savings bank for all payments made on account of such deposit prior to the receipt by such savings bank of notice in writing not to pay such deposit in accordance with the terms thereof. The making of the deposit in such form shall, in the absence of fraud or undue influence, be conclusive evidence, in any action or proceeding to which either such savings bank or the surviving depositor is a party, of the intention of both depositors to vest title to such deposit and the additions thereto in such survivor.

Payment to
survivor.

Reserve fund.

SEC. 20. (1) The trustees of every such bank shall as soon as practicable invest the moneys deposited with them in the securities prescribed in section 11 of this act, except as hereinafter provided. For the purpose of paying withdrawals in excess of receipts, and meeting accruing expenses, or for the purpose of awaiting a more favorable opportunity for judicious investment, any such bank may keep on hand, or on deposit in any bank or trust company in this state organized under any law of this state, or of the United States, an available fund not exceeding twenty per centum of the aggregate amount credited to its depositors, but the sum deposited by any such savings bank in any one bank or trust company shall not exceed twenty-five per centum of the paid up capital and surplus of the bank or trust company in which the deposit is made, and no more than five per centum of the aggregate amount credited to the depositors of any such savings

Deposit of
reserves.

bank shall be deposited in a bank or trust company of which a trustee of such savings bank is a director.

SEC. 21. The contributions of the incorporators or trustees of any such savings bank under the provisions of section 7 hereof, and the sums credited thereto from its net earnings under the provisions of section 24 hereof shall constitute a guaranty fund for the security of its depositors, and shall be held to meet any contingency or loss in its business from depreciation of its securities or otherwise, and for no other purpose except as provided in section 9 hereof, and sub-division 5 of section 25 hereof.

Purpose of
guaranty
fund.

SEC. 22. (1) To determine the amount of the guaranty fund of a savings bank its total liabilities due and accrued, its undivided profits and its net earnings since the last declaration of dividends shall be subtracted from its total assets. The value of its assets for the purpose of this calculation shall be stated as follows:

Guaranty
fund, de-
termination
of amount.

(a) Its interest bearing bonds, or other obligations shall not be valued above the estimated market value thereof as last determined by the state examiner.

(b) The value of its real estate shall not in any event be estimated above cost, and if such real estate has been acquired by foreclosure, judgment or decree the value of such real estate so acquired shall not be estimated above its actual cash value as determined by written appraisal signed by at least three trustees of such savings bank and filed with it.

(c) Such assets shall be excluded as have been disallowed by the state examiner or the trustees of such bank and also any debts owing to it which shall have remained due without prosecution and upon which no interest shall have been paid for more than one year, or on which a judgment has been recovered which shall have remained unsatisfied for more than two years, unless the state examiner upon application by such savings bank shall have fixed a valuation at which such debts may be carried as an asset, or unless such debts are secured by first mortgage upon real estate, in which latter case they may be

carried at the actual cash value of such real estate as determined by written appraisal signed by at least three trustees of such savings bank and filed with it.

Determina-
tion at close
of dividend
period.

(2) The amount of the guaranty fund of a savings bank at the close of any dividend period may be determined by adding to the guaranty fund at the beginning of such period any appreciation in the estimated market value of its securities resulting from a re-valuation thereof by the state examiner, the sums recovered on items previously charged to it and any amounts allowed by the state examiner on account of assets previously disallowed and charged to it, and deducting therefrom all losses sustained by the savings bank during such period. In the computation of losses all items shall be included which shall have been disallowed by its board of trustees or by the state examiner, together with any depreciation in the value of its securities below their estimated market value as last fixed by the state examiner, and all debts owing to it upon which no interest shall have been paid for one year or on which a judgment has been recovered which shall have remained unsatisfied for two years, unless the state examiner upon the application of the savings bank shall have fixed a value at which such debts may be allowed or unless such debts are secured by first mortgage upon real estate, in either of which events only the amount by which such debts exceed the value allowed by the state examiner or the cash value of the real estate securing them as determined by written appraisal signed by at least three trustees of such savings bank and filed with it, need be so deducted.

Gross
earnings.

SEC. 23. (1) *Gross Earnings.* To determine the amount of gross earnings of a savings bank during any dividend period the following items may be included:

(a) All earnings actually received during such period, less interest accrued and unpaid included in the last previous calculation of earnings;

(b) Interest accrued and unpaid upon debts owing to it secured by collateral as authorized by this article, upon which there has been no default for more than one year,

and upon corporate bonds, or other interest bearing obligations owned by it upon which there is no default.

(c) The sums added to the cost of securities purchased for less than par as a result of amortization.

(d) Any profits actually received during such period from the sale of securities, real estate or other property owned by it.

(2) *Net Earnings.* To determine the amount of its net earnings for such dividend period the following items shall be deducted from gross earnings:

(a) All expenses paid or incurred, both ordinary and extraordinary, in the transaction of its business, the collection of its debts and the management of its affairs, less expenses incurred and interest accrued upon its debts deducted at the last previous calculation of net earnings for dividend purposes;

(b) Interest paid or accrued and unpaid upon debts owing by it;

(c) The amounts deducted through amortization from the cost of bonds or other interest bearing obligations purchased above par in order to bring them to par at maturity;

(d) Any losses that may have been sustained by it in excess of its guaranty fund and undivided profits.

The balance thus obtained shall constitute the net earnings of such savings bank for such period.

SEC. 24. If at the close of any dividend period the guaranty fund of any savings bank be less than ten per centum of the amount due to depositors there shall be deducted from its net earnings for such period and credited to its guaranty fund not less than five per centum and not more than ten per centum of its net earnings during the calendar year next preceding, or so much of such percentages as will not compel it to reduce its dividends to depositors below the rate of $3\frac{1}{2}$ per centum per annum. The amount of net earnings remaining after such deduction for the guaranty fund and its undivided profits shall be available for the declaration of dividends for such period.

Net earnings.

Deficit in guaranty fund.

Replacement from net earnings.

Dividends
to depositors.

While the trustees of such a savings bank are paying its expenses or any portion thereof the amounts to be credited to its guaranty fund shall be computed at the same percentage upon the total dividends credited to its depositors instead of upon its net earnings. If the guaranty fund accumulated from earnings shall equal or exceed 10 per centum of the amount due to depositors, the minimum dividend shall be 4 per centum: *Provided*, That the net earnings for such period are sufficient therefor.

Rate of
dividends.

SEC. 25. (1) Every savings bank shall regulate the rate of dividend not to exceed six per centum per annum upon the deposits therewith, in such manner that depositors shall receive as nearly as may be all the earnings of the savings bank after transferring the amount required by section 24 hereof, and such further amounts as its trustees may deem it expedient and for the security of the depositors to transfer to the guaranty fund which to the amount of ten per centum of the amount due its depositors the trustees shall gradually accumulate and hold. Such trustees may also deduct from its net earnings, and carry as undivided profits for the purpose of maintaining its rate of dividends, such additional sums as they may deem wise.

Undivided
profits.

Classification
of depositors.

(2) Every savings bank may classify its depositors according to the character, amount or duration of their dealings with the savings bank, and may regulate the dividends in such manner that each depositor shall receive the same ratable portion of dividends as all others of his class.

Dividends
on initial
guaranty
fund.

(3) Unimpaired contributions to the initial guaranty fund and to the expense fund, made by the incorporators or trustees of such savings bank, shall be entitled to have dividends apportioned thereon, which may be credited and paid to such incorporators or trustees. Whenever the guaranty fund of any such savings bank is sufficiently large to permit the return of such contributions, the contributors may receive dividends thereon not theretofore credited or paid at the same rate paid to depositors.

(4) A savings bank shall not

(a) Declare, credit or pay any dividend on any deposit except as authorized by a vote of a majority of the board of trustees duly entered upon their minutes, whereon shall be recorded the ayes and nays upon each vote.

Declaration
of dividends.

(b) Pay any dividend other than the regular quarterly or semi-annual dividend, or the extra dividend prescribed in sub-division six of this section.

(c) Declare, credit or pay dividends on any deposit for a longer period than the same has been deposited: *Provided, however,* That deposits made not later than the tenth business day of the month commencing any semi-annual dividend period or the third business day of any month, or withdrawn upon one of the last three business days of the month ending any quarterly or semi-annual dividend period, may have dividends declared upon them for the whole of the period or month when they were so deposited or withdrawn: *And provided further,* That, if the by-laws so provide, accounts closed between dividend periods may be credited with dividends at the rate of the last dividend, computing from the 1st dividend period to the date when closed.

(5) Whenever any dividend shall, except as provided in sub-division six of this section, be declared and credited in excess of profits earned and appearing to the credit of the savings bank since the last declaration of dividends, after making the deduction for expenses, for amortization and for the guaranty fund as provided in sections 16, 24 and 25 hereof, the trustees voting for such dividend shall be jointly and severally liable to such savings bank for the amount of such excess so declared and credited.

Liability for
dividends
in excess
of profits.

(6) The trustees of any savings bank whose undivided profits and guaranty fund, determined in the manner prescribed in section 23 hereof, amount to more than twenty-five per centum of the amount due its depositors, shall at least once in three years divide equitably the accumulation beyond such twenty-five per centum as an extra dividend to depositors in excess of the regular dividend au-

Extra
dividends
out of
surplus.

thorized. A notice posted conspicuously in a savings bank of a change in the rate of dividends shall be equivalent to a personal notice.

Surplus,
how de-
termined.

SEC. 26. In determining the per centum of par value surplus held by any savings bank, its interest bearing bonds shall not be estimated above their par value or above their market value if below par. Its bonds, notes and mortgages on which there are no arrears of interest for a longer period than six months shall be estimated at their face, and its real property at not above cost. But the value of such bonds, notes and mortgages, as are in arrears of interest for six months or more, and of all other investments not herein enumerated, shall be estimated according to the valuation placed thereon by the state examiner as provided in section 22 hereof.

Misleading
advertisement
of surplus or
guaranty.

SEC. 27. No savings bank shall put forth any sign or notice or publish or circulate any advertisement or advertising literature upon which or in which it shall be stated that such savings bank has a surplus or guaranty fund in excess of its market value surplus or guaranty fund as determined under the provisions of this act, unless the nature of the same be clearly made to appear.

Trustees.

SEC. 28. (1) There shall be a board of trustees who shall have the entire management and control of the affairs of the savings bank. The persons named in the certificate of authorization shall be the first trustees. The board shall consist of not less than nine members nor more than thirty members.

Qualifica-
tions.

(2) A person shall not be a trustee of a savings bank, if he

(a) Is not a resident of this state;

(b) Has been adjudicated a bankrupt or has taken the benefit of any insolvency law, or has made a general assignment for the benefit of creditors;

(c) Has suffered a judgment recovered against him for a sum of money to remain unsatisfied of record or unsecured on appeal for a period of more than three months;

(d) Is a trustee, officer, clerk or other employee of any other savings bank.

(3) Nor shall a person be a trustee of a savings bank solely by reason of his holding public office.

SEC. 29. (1) Each trustee, whether named in the certificate of authorization or elected to fill a vacancy, shall, when such certificate of authorization has been issued, or when notified of such election, take an oath that he will, so far as it devolves on him, diligently and honestly administer the affairs of the savings bank, and will not knowingly violate, or willingly permit to be violated any of the provisions of law applicable to such savings bank. Such oath shall be subscribed by the trustee making it and certified by the officer before whom it is taken, and shall be immediately transmitted to the state examiner and filed and preserved in his office.

Oath of trustee.

(2) Prior to the first day of March in each year, every trustee of every savings bank shall subscribe a declaration to the effect that he is, at the date thereof, a trustee of the savings bank, and that he has not resigned, become ineligible, or in any other manner vacated his office as such trustee. Such declaration shall be acknowledged in like manner as a deed to be entitled to record and shall be transmitted to the state examiner and filed in his office prior to the tenth day of March in each year.

Declarations of incumbency.

SEC. 30. The board of trustees shall elect from their number or otherwise, a president and two vice-presidents and such other officers as they may deem fit.

Officers.

SEC. 31. (1) A quorum at any regular or special or adjourned meeting of the board of trustees shall consist of not less than five of whom the president shall be one, except when he is prevented from attending by sickness or other unavoidable detention, when he may be represented in forming a quorum by the first vice-president, or in case of his absence for like cause, by the second vice-president; but less than a quorum shall have power to adjourn from time to time until the next regular meeting.

Quorum.

Regular meetings of the board of trustees shall be held at least once a month.

Meetings.

Statement
of transac-
tions since
last meeting.

(2) The board of trustees shall by resolution duly recorded in the minutes, designate an officer or officers whose duty it shall be to prepare and submit to each trustee at each regular meeting of the board, or to an executive committee of not less than five members of such board, a written statement of all the purchases and sale of securities, and of every loan, made since the last regular meeting of the board, describing the collateral to such indebtedness as of the date of meeting at which such statement is submitted; but such officer or officers may omit from such statement loans of less than one thousand dollars, except as hereinafter provided. Such statement shall also contain a list giving the aggregate of loans to each individual partnership, unincorporated association or corporation whose liability to the savings bank has been increased one thousand dollars or more since the last regular meeting of the board, together with a description of the collateral to such indebtedness held by the savings bank at the date of the meeting at which such statement is submitted. A copy of such statement, together with a list of the trustees present at such meeting, verified by the affidavit of the officer or officers charged with the duty of preparing and submitting such statement shall be filed with the records of the savings bank within one day after such meeting, and shall be presumptive evidence of the matters therein stated.

Compensa-
tion of
trustees.

SEC. 32. (1) A trustee of a savings bank shall not directly or indirectly receive any pay or emolument for his attendance at meetings of the board, or for any other services as trustee, except as provided in this section.

(2) Trustees acting as officers of the savings bank, whose duties require and receive their regular and faithful attendance at the institution, and the trustees appointed as a committee to examine the vouchers and assets pursuant to section 38, to perform the duties required by subdivision 2, of section 31, or to render other special services as members of committees provided for in the by-laws, may receive such compensation as in the opinion of a ma-

majority of the board of trustees shall be just and reasonable; but such majority shall be exclusive of any trustee to whom such compensation shall be voted.

(3) An attorney for a savings bank, although he be Of attorneys. a trustee thereof, may receive a reasonable compensation for his professional services, including examinations and certificates of title to real property on which mortgage loans are made by the savings bank; or if the savings bank requires the borrowers to pay all expenses of searches, examinations and certificates of title, including the drawing, perfecting and recording of papers, such attorney may collect of the borrower and retain for his own use and the usual fees for such services, excepting any commissions as broker or on account of placing or accepting such mortgage loans.

(4) If an officer or attorney of a savings bank shall Commissions. receive, on any loan made by the savings bank, any commission which he is not authorized by this section to retain for his own use, he shall immediately pay the same over to the savings bank.

SEC. 33. The board of trustees of every savings bank may, by resolution incorporated in its by-laws, increase or reduce the number of trustees named in the original charter or certificate of authorization. Changing number of trustees.

(1) The number may be increased to a number designated in the resolution and not exceeding thirty: *Provided*, That reasons therefor are shown to the satisfaction of the state examiner and his written consent thereto is first obtained.

(2) The number may be reduced to a number designated in the resolution but not more than thirty or less than nine. The reduction shall be effected by omissions to fill vacancies occurring in the board.

SEC. 34. (1) A trustee of a savings bank shall not

(a) Have any interest, direct or indirect, in the gains or profits of the savings bank, except to receive dividends upon the amounts contributed by him to the guaranty fund Restrictions on trustees.

and the expense fund of the savings bank as provided in sections 7 and 8.

(b) Become a member of the board of directors of a bank, trust company or national banking association of which board enough other trustees of the savings bank are members to constitute with him a majority of the board of trustees.

Restrictions
on officers.

(2) Neither a trustee nor an officer of a savings bank shall

Use of funds.

(a) For himself or as agent or partner of another, directly or indirectly use any of the funds or deposits held by the savings bank, except to make such current and necessary payments as are authorized by the board of trustees.

Retention of
commissions.

(b) Receive directly or indirectly and retain for his own use any commission on or benefit from any loan made by the savings bank, or any pay or emolument for services rendered to any borrower from the savings bank in connection with such loan, except as authorized by section 32.

Guaranty
of loans.

(c) Become an indorser, surety or guarantor, or in any manner an obligor, for any loan made by the savings bank.

Borrowing
funds of
banks.

(d) For himself or as agent or partner of another, directly or indirectly borrow any of the funds or deposits held by the savings bank, or become the owner of real property upon which the savings bank holds a mortgage. A loan to or a purchase by a corporation in which he is a stockholder to the amount of fifteen per centum of the total outstanding stock, or in which he and other trustees of the savings bank hold stock to the amount of twenty-five per centum of the total outstanding stock, shall be deemed a loan to or a purchase by such trustee within the meaning of this section; except when the loan to or purchase by such corporation shall have occurred without his knowledge or against his protest. A deposit in a bank shall not be deemed a loan within the meaning of this section.

Removal
of trustee.

SEC. 35. (1) Whenever, in the judgment of three-fourths of the trustees, the conduct and habits of a trustee

of any savings bank are of such character as to be injurious to such savings bank, or he has been guilty of acts that are detrimental or hostile to the interests of such savings bank, he may be removed from office, at any regular meeting of the trustees, by the affirmative vote of three-fourths of the total number thereof: *Provided, however,* Proceedings. That a written copy of the charges made against him shall have been served upon him personally at least two weeks before such meeting, that the vote of such trustees by ayes and nays shall be entered in the record of the minutes of such meeting, and that such removal shall receive the written approval of the state examiner, which shall be attached to the minutes of such meeting and form a part of the record.

(2) The office of a trustee of a savings bank shall immediately become vacant whenever he

Vacancies,
acts or
omissions
affecting.

(a) Shall fail to comply with any of the provisions of section 29 hereof, relating to his official oath and declaration;

(b) Shall become disqualified for any of the reasons specified in subdivision 2 of section 28 hereof;

(c) Shall have failed to attend the regular meetings of the board of trustees, or to perform any of his duties as trustee, for a period of six successive months, unless excused by the board of [for] such failure;

(d) Shall violate any of the provisions of section 34 hereof imposing restrictions upon trustees and officers, except paragraph (c) of subdivision two thereof.

(3) A trustee who has forfeited or vacated his office shall not be eligible to re-election, except when the forfeiture or vacancy occurred solely by reason of his

Eligibility
for re-election
after
forfeiture.

(a) Failure to comply with the provisions of section 29 hereof, relating to his official oath and declaration; or

(b) Neglect of his official duties as prescribed in paragraph (c) of subdivision two of this section; or

(c) Disqualification through becoming a non-resident, or becoming a trustee, officer, clerk or other employee of another savings bank, or becoming a director of a bank, trust company or national banking association under the

circumstances specified in paragraph (b) of subdivision one of section 34 hereof; and such disqualification shall have been removed.

Filling
vacancies.

SEC. 36. A vacancy in the board of trustees shall be filled by the board as soon as practicable, at a regular meeting thereof.

Surety bonds
of officers
and em-
ployees.

SEC. 37. The trustees of every savings bank shall have power to require from the officers, clerks and agents thereof such security for their fidelity and the faithful performance of their duties as the trustees shall deem necessary. Such security may be accepted from any company authorized to furnish fidelity bonds and doing business under the laws of this state, and the premiums therefor may be paid as a necessary expense of said savings bank.

Semi-annual
examination
of books
and assets.

SEC. 38. The trustees of every savings bank, by a committee of not less than three of their number, on or before the first days of January and July in each year, shall thoroughly examine the books, vouchers and assets of such savings bank, and its affairs generally. The statement or schedule of assets and liabilities reported to the state examiner for the first of January and July in each year, as provided in the section next following, shall be based upon such examinations, and shall be verified by the oath of a majority of the trustees making it; and the trustees of any savings bank may require such examination at such other times as they shall prescribe. The trustees shall, as often as once in each six months during each year, cause to be taken an accurate balance of their depositors' ledgers, and in their said semi-annual report to the state examiner they shall state the fact that such balance has been taken, and the discrepancies if any, existing between the amount due depositors, as shown by such balance, and the amount so due as shown by the general ledger.

Semi-annual
report to
bank
examiner.

SEC. 39. (1) Semi-annual report. On or before the first day of February and the first day of August in each year every savings bank shall make written report to the state examiner which report shall be in the form prescribed by the state examiner and shall contain a statement of its

condition on the morning of the first day of January and of the first day of July in the said year, respectively.

(2) Contents of report. Every such report shall state Contents. the amount loaned upon note or bond and mortgage, and a list of all notes, bonds and mortgages upon which money has been loaned that have not been previously reported, which list shall show the location of the mortgaged premises. It shall contain a list of all notes, bonds and mortgages previously reported that since have been paid wholly or in part or have been foreclosed and the amounts of such payments and the proceeds of such foreclosures. It shall state the original cost, date of purchase, date of maturity, stated rate of interest, the present cost after amortization, par value, and estimated market value, of all bond or warrant investments, designating each particular kind of bond or warrant; the amounts loaned upon promissory notes, upon the pledge of the different classes of securities authorized by this act, with a statement of the amount of the securities held as collateral for such loans; the amount invested in real estate, giving the cost of the same, and, in the case of real estate purchased at judicial sale or taken in satisfaction of debts due the savings bank, the actual cash value thereof as appraised by its trustees; the amount of cash on hand, and on deposit in banks or trust companies, and the amount deposited in each.

The present cost of bond investments shall be determined by amortization as provided in section 16 hereof. The estimated market value of the bond investments shall be determined according to current values, subject to correction by the state examiner.

Such report shall state all the liabilities of the savings bank, the amount due to depositors, which shall include any dividend to be credited to them for the six months ending on the day as to which such report is made, and all other debts and claims against the savings bank, which are or may be a charge upon its assets.

Such report shall state the amount deposited and the amount withdrawn during the twelve months immediately

preceding; the whole amount of profits or interest received or earned and the whole amount of dividends credited to depositors, together with the amount of each dividend and the rate at which it was declared, the number of accounts opened or reopened, the number closed during the preceding six months, the number of open accounts at the end of the period for which said report is made, and such other information as may be required by the state examiner.

Verification.

(3) Verification. Every such report shall be verified by the oaths of the two principal officers in charge of the affairs of the savings bank at the time of such verification, which shall state that the report is true and correct in all respects to the best of the knowledge and belief of the persons verifying it, and that the usual business of the savings bank has been transacted at the location required by this act and not elsewhere.

Special reports.

(4) Special reports. Every savings bank shall also make such other special reports to the state examiner as he may from time to time require, which shall be in such form and filed at such date as may be prescribed by the state examiner and shall, if required by him, be verified in such manner as he may prescribe.

Penalty for failure to report.

(5) Penalty. If any such savings bank shall fail to make any report mentioned by this section, on or before the day designated for the making thereof, or shall fail to include therein any matter required by the state examiner to be stated, such savings bank shall forfeit to the state the sum of one hundred dollars for every day that such report shall be delayed or withheld, and for every day that it shall fail to report any such omitted matter, unless the time therefor shall have been extended by the state examiner, which extension he may grant, by a written order only, for not exceeding twenty days.

Official communications from bank examiner.

SEC. 40. Each official communication directed by the state examiner or one of his deputies to such savings bank or to any officer thereof, relating to an investigation or examination conducted by the banking department or containing suggestions or recommendations as to the con-

duct of the business of the savings bank, shall be submitted by the officer receiving it to the board of trustees at the next meeting of such board, and duly noted in the minutes of the meetings of such board.

SEC. 41. Every corporation authorized by this act which shall not organize and commence business within one year after the certificate of authorization has been issued, shall forfeit its rights and privileges as a corporation, which fact the state examiner shall certify to the county auditor in whose office the certificate was filed, and to the secretary of state, and the certificate of forfeiture shall be filed in the office of the county auditor and filed and recorded in the office of the secretary of state in the same manner as the certificate of authorization: *Provided*, That the state examiner may for satisfactory cause to him shown by an order under his hand and official seal extend for not more than one year the time within which such organization may be effected, and business commenced, such order to be transmitted to the offices of such county auditor and the secretary of state and filed and recorded therein.

Forfeiture
for delay in
organization.

Extension
of time.

SEC. 42. The secretary of every such bank shall at least once each year send notice by mail to each depositor who has to his credit a sum in excess of the maximum deposit permitted by section 17 of this act, stating the amount of such excess, and notifying the depositor that such excess will not participate in dividends, and requiring him to reduce the amount of such deposit, so that the same shall not exceed the maximum.

Notifying
depositors
of excess
deposits.

SEC. 43. Within two years after organization, and each third year thereafter, every such bank shall call in the books of deposit for verification under rules to be prescribed in its by-laws.

Calling de-
posit books
for veri-
fication.

SEC. 44. No such bank shall in the course of any fiscal year (which fiscal year shall be deemed to expire on the last day of December in each year) pay or become liable to pay either directly or indirectly for expenses of man-

Expenditure
for manage-
ment and
operation.

agement and operation more than $2\frac{1}{2}$ per centum of its average assets during such year.

SEC. 45. If the trustees of any solvent mutual savings bank shall deem it necessary or expedient to close the business of such bank, they may, by affirmative vote of not less than two-thirds of the whole number of trustees, at a meeting called for that purpose, of which one month's notice has been given, either personally or by mailing such notice to the postoffice address of each trustee, declare by resolution their determination to close such business and pay the moneys due depositors and creditors and to surrender the corporate franchise. Subject to the approval and under the direction of the state examiner, such savings bank may adopt any lawful plan for closing up its affairs, as nearly as may be in accordance with the original plan and objects.

SEC. 46. When the trustees, acting under the provisions of the preceding section, shall have paid the sums due respectively to all creditors and depositors, who, after such notice as the state examiner shall prescribe, claim the money due and their deposits, the trustees shall make a transcript or statement from the books in the bank of the names of all depositors and creditors who have not claimed or have not received the balance of the credit due them, and of the sums due them, respectively, and shall file such transcript with the state examiner and pay over and transfer all such unclaimed and unpaid deposits, credits and moneys to the state examiner. The trustees shall then report their proceedings duly verified, to the superior court of the county wherein the bank was located, and upon such report and the petition of the trustees, and after notice to the attorney general and the state examiner, and such other notice as the court may deem necessary, the court shall adjudge the franchise surrendered and the existence of the corporation terminated, certified copies of which judgment shall be filed in the offices of the secretary of state, state examiner and auditor of the county wherein the bank is located where the same shall be filed, and in the office of the secretary of state recorded.

Dissolution
and liqui-
dation.

Transcript
of unpaid
depositors
and creditors.

Transfer of
balances to
state
examiner.

Dissolution
by order
of court.

Nothing herein contained shall prevent the superior court from appointing a receiver of any such corporation for any cause authorizing the appointment of such receiver under the laws of the state. Receivers.

SEC. 47. Copies from the records, books and accounts of a mutual savings bank shall be competent evidence in all cases, equal with originals thereof, if there is annexed to such copies an affidavit taken before a notary public or clerk of a court under seal, stating that the affiant is the officer of the bank having charge of the original records, and that the copy is true and correct and is full so far as the same relates to the subject matter therein mentioned. Certified copies of books and records as evidence.

SEC. 48. Any savings bank may make a written application to the state examiner for leave to change its place of business to another place in the same county. The application shall state the reasons for such proposed change, and shall be signed and acknowledged by a majority of its board of trustees. If the proposed place of business is within the limits of the town or city in which the present place of business of the savings bank is located, such change may be made upon the written approval of the examiner; if beyond such limits, notice of intention to make such application, signed by two principal officers of the savings bank, shall be published once a week for two successive weeks immediately preceding such application in a daily newspaper published in the city of Olympia and shall be published in like manner in a newspaper to be designated by the state examiner, published in the county in which the present place of business of such savings bank is located. If the state examiner shall grant his certificate authorizing the change of location, which in his discretion he may do, the savings bank shall cause such certificate to be published once in each week for two successive weeks in the newspapers in which the notice of application was published. When the requirements of this section shall have been fully complied with, the savings bank may, upon or after the day specified in the certificate, remove its property and effects to Changing place of business.

Approval of examiner.

Publication of application and of removal.

the location designated therein, and thereafter its principal place of business shall be the location so specified; and it shall have all the rights and powers in such new location which it possessed at its former location.

"Savings bank" defined.

SEC. 49. The use of the term "savings bank" in this act refers to mutual savings banks only.

Use of term "mutual savings."

The use of the words "mutual savings" as part of a name under which business of any kind is or may be transacted by any person, firm or corporation, except such as are organized and in actual operation at the time of the passage of this act, or may be hereafter organized and operated under the requirements of this act, is hereby prohibited.

Schedule of existing laws applicable.

SEC. 50. The provisions of sections 2640, 2641, 2642, 2810, 2811, 3300, 3301, 3303, 3304, 3305, 3306, 3314, 3331, 3339, and 3340 of Remington & Ballinger's Annotated Codes and Statutes of Washington, shall apply to the corporations authorized under this act.

Penalty.

SEC. 51. Any person who shall do anything forbidden by this act for which a penalty is not provided in this act, or in some other law of the state, shall be guilty of a gross misdemeanor and be punished accordingly.

Scope of act cumulative.

SEC. 52. This act shall not be construed as amending or repealing any other law of the state authorizing the incorporation of banks or regulating the same, but shall be deemed to be additional legislation for the sole purpose of authorizing the incorporation and operation of mutual savings banks as herein prescribed. Savings banks incorporated on the stock plan and other stock banks having savings departments as authorized by sections 3336 and 3337 of Remington & Ballinger's Annotated Codes and Statutes of Washington, or by any other law of the state heretofore or hereafter enacted, shall not be in any manner affected by the provisions of this act, or any amendment thereto.

Passed the House March 2, 1915.

Passed the Senate March 8, 1915.

Approved by the Governor March 19, 1915.