

sence: *Provided*, That leaves of absence granted to inmates under section 1 hereof shall not allow or permit any inmate to go beyond the boundaries of this state. The director of the department of institutions shall also make rules and regulations requiring the reimbursement of the state from the inmate granted leave of absence, or his family, for the actual costs incurred arising from any leave of absence granted under the authority of section 1, subsections (1) and (2): *Provided further*, That no state funds shall be expended in connection with leaves of absence granted under section 1, subsections (1) and (2), unless such inmate and his immediate family are indigent and without resources sufficient to reimburse the state for the expenses of such leaves of absence.

Passed the Senate February 19, 1959.

Passed the House February 18, 1959.

Approved by the Governor February 26, 1959.

CHAPTER 41.

[S. B. 74.]

MUTUAL SAVINGS BANKS.

AN ACT relating to mutual savings banks; amending section 32.08.150, chapter 13, Laws of 1955 as amended by section 1, chapter 14, Laws of 1959, and RCW 32.08.150; amending section 32.12.010, chapter 13, Laws of 1955 as amended by section 4, chapter 80, Laws of 1957, and RCW 32.12.010; amending section 32.12.020, chapter 13, Laws of 1955, and RCW 32.12.020; amending section 32.20.250, chapter 13, Laws of 1955 as amended by section 5, chapter 80, Laws of 1955, and RCW 32.20.250; amending section 32.20.270, chapter 13, Laws of 1955, and RCW 32.20.270; and amending chapter 13, Laws of 1955, and chapter 32.20 RCW by adding thereto a new section.

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

SECTION 1. Section 32.08.150, chapter 13, Laws of 1955 as amended by section 1, chapter 14, Laws of

RCW 32.08.150
amended.

1959, and RCW 32.08.150 are each amended to read as follows:

Merchandising
—Exchange of
—Certificates
of deposit.

(1) A savings 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.

(2) Such bank shall not make or issue any certificate of deposit payable either on demand or at a fixed day.

RCW 32.12.010
amended.

SEC. 2. Section 32.12.010, chapter 13, Laws of 1955 as amended by section 4, chapter 80, Laws of 1957, and RCW 32.12.010 are each amended to read as follows:

Limitation
of deposits.

When the aggregate amount of deposits, dividends and interest to the credit of any depositor in the same capacity and the same right is fifteen thousand dollars or more, such aggregate shall not be increased by the receipt from the depositor of any further deposit but may be increased by the crediting of dividends or interest or by the consolidation of savings banks having common depositors, or may be further increased to the fullest extent that any such further increase is insured by the United States government, or any agency thereof, including the Federal Deposit Insurance Corporation.

Deposits in a different capacity or different right include the following:

(1) Deposits in the name of the depositor and another or others in joint form with right of survivorship: *Provided*, That the aggregate in all such accounts on which all of such joint depositors are the same shall be deemed to be held in the same capacity and the same right.

(2) Deposits in the name of the depositor as trustee for another under a voluntary and revocable trust: *Provided*, That the aggregate in all such accounts on which the beneficiaries are the same shall

be deemed to be held in the same capacity and the same right.

(3) Deposits in the name of the depositor and another in joint form with right of survivorship as trustee for another under a voluntary and revocable trust: *Provided*, That the aggregate in all such accounts on which all of the trustees and all of the beneficiaries are the same shall be deemed to be held in the same capacity and the same right.

(4) Deposits in the name of, or on behalf of, a partnership or other form of multiple ownership enterprise.

(5) Deposits in the name of a corporation, society, or unincorporated association.

(6) Deposits maintained by a person, society, or corporation as administrator, executor, guardian, or trustee under a will or trust agreement.

(7) Deposits designated as community property of a marital community, whether in the name of either or both of the members of the community.

(8) Deposits designated as separate property of the depositor.

Every such bank may further limit the aggregate amount which an individual or any corporation or society may have to his or its credit 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 deposits or require the withdrawal of any dividends or interest.

SEC. 3. Section 32.12.020, chapter 13, Laws of 1955, and RCW 32.12.020 are each amended to read as follows:

RCW 32.12.020 amended.

The sums deposited with any savings bank, together with any dividends or interest 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 un-

Repayment of deposits or dividends.

Repayment of
deposits or
dividends.

der such regulations, as the board of trustees shall prescribe, subject to the provisions of this section and RCW 32.12.030. 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 available to depositors upon request. All such rules and regulations, and all amendments thereto, from time to time in effect, shall be binding upon all depositors.

(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.

(2) Except as provided in subdivisions (3) and (4) of this section the savings bank shall not pay any dividend, or interest, or deposit, or portion thereof, or any check drawn upon it by a depositor unless the passbook of the depositor is produced, and the proper entry is made therein at the time of the payment.

(3) The board of trustees of any such bank may by its bylaws provide for making payments in cases of loss of passbook, or other exceptional cases where the passbooks cannot be produced without loss or serious inconvenience to depositors, the right to make such payments to cease when so directed by the supervisor 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.

(4) The board of trustees of any such bank may by its bylaws provide for making payments to depositors at their request, of dividends or interest payable on any deposit, without requiring the production of the passbook of the depositor, and any payment made in accordance with any such request 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 request prior to receipt by such savings bank of notice in writing not to pay such sums in accordance with the terms of such request.

(5) If any person dies leaving in any such bank an account on which the balance due him does not exceed one thousand dollars and no executor or administrator of his estate has been 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 was made within six months after the decedent's death, and an action to recover the amount is commenced within six months after the date of payment.

SEC. 4. Section 32.20.250, chapter 13, Laws of 1955 as amended by section 5, chapter 80, Laws of 1955, and RCW 32.20.250 are each amended to read as follows:

RCW 32.20.250
amended.

Real estate mortgages.

A mutual savings bank may invest not to exceed seventy percent of its funds in loans secured by first mortgages on real estate subject to the following restrictions:

In all cases of loans upon real property, a note secured by a mortgage on the real estate upon which the loan is made shall be taken by the savings bank from the borrower;

The savings bank shall also be furnished by the borrower, either

(1) A complete abstract of title of the mortgaged property, which abstract shall be signed by the person or corporation furnishing the abstract of title, and which abstract shall be examined by a competent attorney and shall be accompanied by his opinion approving the title and showing that the mortgage is a first lien; or

(2) A policy of title insurance; or

(3) A duplicate certificate of ownership issued by a registrar of titles.

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 two-thirds of the value of such real estate, including improvements, except that in the case of property improved with a single family occupancy detached dwelling that is occupied by the owner, not more than two years old, such loan may be for an amount not greater than seventy-five percent of the first twenty thousand dollars of value and fifty percent of the remainder of the value of such real estate, including improvements; and in the event such savings bank obtains, as additional col-

lateral, an assignment of a policy or policies of life insurance issued by a company authorized to do business in this state, such loan may exceed the limits herein specified, but such excess shall not be more than eighty percent of the cash surrender value of such assigned life insurance.

No mortgage loan shall be made in excess of fifty percent of the value of the security unless its terms require the payment of principal and interest in annual, semi-annual, quarterly or monthly payments, at a rate which if continued would repay the loan in full in not more than twenty years, beginning within one year and continuing until the loan is reduced to fifty percent or less of the value of the security.

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 deposited with the savings bank or its agent or trustee and to be payable to the savings bank in event of loss: *Provided*, That the savings bank may, at its option, forego insurance in either of the following cases:

- (1) A loan upon agricultural land, or
- (2) A loan upon a feehold interest in urban property subject to an outstanding lease.

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 qualify under this section.

No mortgage loan, or renewal or extension thereof for a period of more than one year, shall be made except upon written application showing the date, name of the applicant, the 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 the application and written report thereon shall be filed and preserved with the savings bank records.

Every mortgage and 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.

A mortgage on real estate shall be deemed a first mortgage and lien within the meaning of this section even though

(1) There is outstanding upon the real estate a lease to which the mortgage is subject, and two members of the board of investment of the bank deem the lease advantageous to the owner of the mortgaged property, and the mortgagee in case of foreclosure of the mortgage can compel the application upon the mortgage debt of substantially all of the rents thereafter to accrue; and/or

(2) There are outstanding nondelinquent taxes or special assessments or both, and the sum of the assessments and the amount of the loan does not exceed the limits herein specified.

RCW 32.20.270 amended.

SEC. 5. Section 32.20.270, chapter 13, Laws of 1955, and RCW 32.20.270 are each amended to read as follows:

First mortgages upon leaseholds.

A mutual savings bank may invest its funds in loans secured by first mortgages upon leasehold estates in improved real property, subject to the following restrictions:

In all cases of loans upon leasehold estates, a note secured by a mortgage upon the leasehold interest upon which the loan is made shall be taken by the savings bank from the borrower.

The savings bank shall also be furnished by the borrower, either

First mortgages upon leaseholds.

(1) A complete abstract of title of the mortgaged property, which abstract shall be signed by the person or corporation furnishing the abstract of title, and which abstract shall be examined by a competent attorney and shall be accompanied by his opinion approving the title and showing that the mortgage is a first lien upon the leasehold estate; or

(2) A policy of title insurance; or

(3) A duplicate certificate of ownership issued by a registrar of titles.

The leasehold estate subject to such mortgage must be an interest in real estate in a city which has a population in excess of one hundred thousand according to the latest decennial federal census.

The mortgage shall contain provisions requiring the mortgagor to maintain insurance on the buildings in such reasonable amount as shall be stipulated in the mortgage, the policy to be payable to the savings bank in case of loss.

No mortgage loan upon a leasehold, or any renewal or extension thereof for a period of more than six months, shall be made except on a written application showing the date, the name of the applicant, the amount of the 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 upon such application according to their best judgment the value of the leasehold interest to be mortgaged and recommending the loan; and the application and written report thereon shall be filed with the bank records.

Every leasehold mortgage and every assignment of a leasehold 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

First mortgages upon leaseholds.

county auditor of the county in which the property under lease is situated.

No mutual savings bank shall loan upon a leasehold interest in real estate unless,

(1) The lease contains a provision requiring the feeholder or his successors in interest to notify, in writing, the holder of any mortgage on the leasehold estate of any default on the part of the lessee in the performance of the obligations of the lease within ten days after such default occurs and unless the lease also provides that in the event of default of the lessee in the performance of any of the covenants of the lease, no forfeiture of the lease shall take place until thirty days after the holder of the mortgage on the leasehold estate has been served by the feeholder or his successors in interest with written notice of the default and of intention to forfeit the lease, or

(2) In the event the lease does not contain the provisions above described, the savings bank, prior to such loan, has obtained an agreement from the owner of the feehold to notify the savings bank of any default on the part of the lessee in the performance of the obligations of the lease within ten days after such default occurs, and that in event of default of the lessee in performance of any of the covenants of the lease, no forfeiture of the lease shall take place until thirty days after the savings bank has been served by the feeholder or his successors in interest with written notice of the default and of intention to forfeit the lease. Such agreement shall be signed by the owner of the feehold estate and by all other persons or corporations holding a mortgage or other interest in the feehold estate, and shall be in such form as to bind their successors in interest, and shall be immediately recorded in the office of the county auditor of the county in which the property is situated.

No loan shall be made upon a leasehold interest in real estate for a period in excess of ten years, or in any case where the lease is to expire in less than twenty years, nor upon a leasehold interest where the lease has run less than five years at the date of making or purchasing the loan.

No loan shall be made upon a leasehold interest in real estate unless its terms require substantially equal semiannual, quarterly or monthly payments which, if continued at the same rate, would extinguish the debt at least ten years prior to the expiration of the lease.

Whenever used in this section the words "annual gross income" of the leasehold estate shall mean the sum remaining after deducting all of the expenses of operation, repairs, maintenance, cost of management, taxes, assessments and insurance premiums, for a given year, from the gross revenue of that year.

"Annual gross income."

Whenever used in this section the words "minimum gross income" shall be the least annual gross income, as above defined, actually obtained during the three-year period preceding the date of the loan.

"Minimum gross income."

Whenever used in this section the words "standard annual rental" shall mean the maximum rental to be paid under the lease during the life of the loan and for a period ending three years after the maturity of the loan. In event the rental during the life of the loan, and including a period ending three years after the maturity of the loan, is uniform, then such uniform rental shall be the standard annual rental.

"Standard annual rental."

Whenever used in this section the words "standard net income" shall mean the remainder obtained by deducting the standard annual rental from the minimum annual gross income as above defined.

"Standard net income."

Whenever used in this section the words "appraised value of the leasehold estate" shall mean the sum obtained by a summation of the present values

"Appraised value of the leasehold estate."

of a series of annual payments each equal in amount to the standard net income for the unexpired period of the leasehold estate. In the calculation of present value of future income such income shall be subjected to compound discount at a rate not less than eight percent per annum.

No savings bank shall make any loan upon a leasehold estate unless the standard net income thereof as above defined shall be equal to or greater than the standard annual rental.

In event the standard net income is greater than, but less than twice, the standard annual rental, the savings bank may loan not to exceed thirty-five percent of the appraised value of the leasehold estate as defined herein.

In event the standard net income is greater than twice but less than four times the standard annual rental, the savings bank may loan not to exceed forty percent of the appraised value of the leasehold estate as defined herein.

In event the standard net income is greater than four times but less than eight times the standard annual rental, the savings bank may loan not to exceed forty-five percent of the appraised value of the leasehold estate as defined herein.

In event the standard net income is greater than eight times the standard annual rental, the savings bank may loan not to exceed fifty percent of the appraised value of the leasehold estate as defined herein.

The total amount which a mutual savings bank may invest in contracts for the sale of realty, mortgages upon real estate and participations therein, and mortgages upon leasehold estates shall not exceed seventy percent of its funds.

New section.

SEC. 6. There is added to chapter 13, Laws of 1955, and to chapter 32.20 RCW, a new section to read as follows:

A mutual savings bank may invest its funds in bonds or other interest-bearing obligations of corporations not otherwise eligible for investment by the savings bank which are prudent investments for such bank in the opinion of its board of trustees or of a committee thereof whose action is ratified by such board at its regular meeting next following such investment. The total amount a mutual savings bank may invest pursuant to this section shall not exceed fifty percent of the total of its guaranty fund, undivided profits, and unallocated reserves, or five percent of its deposits, whichever is less.

Corporate bonds and other interest bearing obligations.

Passed the Senate February 3, 1959.

Passed the House February 19, 1959.

Approved by the Governor February 26, 1959.

CHAPTER 42.

[S. B. 75.]

MOTOR VEHICLES—PASSING ON RIGHT.

AN ACT relating to motor vehicles and the operation thereof upon the public highways of this state; and amending section 78, chapter 189, Laws of 1937 as amended by section 1, chapter 96, Laws of 1957 and RCW 46.60.050.

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

SECTION 1. Section 78, chapter 189, Laws of 1937 as amended by section 1, chapter 96, Laws of 1957 and RCW 46.60.050 are each amended to read as follows:

RCW 46.60.050 amended.

(1) The operator of a vehicle may overtake and pass upon the right of another vehicle only under the following conditions:

When overtaking vehicle may pass to the right.

(a) When the vehicle overtaken is making or about to make a left turn;

(b) Upon a street or highway with unobstructed pavement not occupied by parked vehicles of suf-