

CHAPTER 79.

[S. B. 179.]

COUNTY OFFICERS' TRAVEL EXPENSES.

AN ACT relating to county officers' travel expenses; raising mileage allowances; and amending section 1, chapter 35, Laws of 1961 (House Bill No. 162) and RCW 36.17.030.

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

RCW 36.17.030 amended.

SECTION 1. Section 1, chapter 35, Laws of 1961 (House Bill No. 162) and RCW 36.17.030 are each amended to read as follows:

County officers, expenses.

All county officers shall be entitled to their necessary reasonable traveling expenses in the performance of their official duties, bills therefor to be audited by the county commissioners: *Provided*, That when using their own cars, they shall be allowed not to exceed ten cents per mile for each mile of necessary travel.

Passed the Senate February 13, 1961.

Passed the House March 1, 1961.

Approved by the Governor March 8, 1961.

CHAPTER 80.

[S. B. 206.]

MUTUAL SAVINGS BANKS.

AN ACT relating to mutual savings banks; amending section 32.12.010, chapter 13, Laws of 1955 as amended by section 2, chapter 41, Laws of 1959, and RCW 32.12.010; amending section 32.12.020, chapter 13, Laws of 1955 as amended by section 3, chapter 41, Laws of 1959, and RCW 32.12.020; amending section 32.12.090, chapter 13, Laws of 1955 as amended by section 5, chapter 80, Laws of 1957, and RCW 32.12.090; amending section 32.20.250, chapter 13, Laws of 1955, as last amended by section 4, chapter 41, Laws of 1959, and RCW 32.20.250; amending section 32.20.260, chapter 13, Laws of 1955, and RCW 32.20.260; amending section 32.20.270, chapter 13, Laws of 1955 as amended

by section 5, chapter 41, Laws of 1959, and RCW 32.20.270; and amending section 32.20.275, chapter 13, Laws of 1955, and RCW 32.20.275.

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

SECTION 1. Section 32.12.010, chapter 13, Laws of 1955 as amended by section 2, chapter 41, Laws of 1959, and RCW 32.12.010 are each amended to read as follows:

RCW 32.12.010 amended.

When the aggregate amount of deposits, dividends and interest to the credit of any depositor in the same capacity and the same right is twenty-five 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.

Mutual savings banks. Limitation of deposits.

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.

RCW 32.12.020
amended.

SEC. 2. Section 32.12.020, chapter 13, Laws of 1955 as amended by section 3, chapter 41, Laws of 1959, and RCW 32.12.020 are each amended to read as follows:

Repayment of
deposits and
dividends.

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 under such regulations, as the board of trustees shall prescribe, subject to the provisions of this section and RCW 32.12.030. Such regulation 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), (4), and (5) 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) The issuance of a passbook may be omitted where a number of depositors similarly situated have accounts in the nature of vacation plan accounts, retirement plan accounts, or similar types of accounts. Separate ledger cards shall be kept for such accounts on which shall be entered deposits, withdrawals, and interest credited.

(6) 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.

RCW 32.12.090
amended.

SEC. 3. Section 32.12.090, chapter 13, Laws of 1955 as amended by section 5, chapter 80, Laws of

1957, and RCW 32.12.090 are each amended to read as follows:

(1) Every savings bank shall regulate the rate of dividends not to exceed six percent per annum upon the amounts to the credit of depositors therewith, in such manner that depositors shall receive as nearly as may be all the earnings of the bank after transferring the amount required by RCW 32.08.120 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 percent 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 reserves for losses, or other contingencies, or as undivided profits, such additional sums as they may deem wise.

Dividends—
Rate—Decla-
ration of—
Extra—Notice
of changed
rate.

(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.

(3) Unimpaired contributions to the initial guaranty fund and to the expense fund, made by the incorporators or trustees of a 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 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 except as authorized by a vote of a majority of the board

of trustees duly entered upon its minutes, whereon shall be recorded the ayes and noes upon each vote;

(b) Pay any dividend other than the regular quarterly or semiannual dividend, or the extra dividends prescribed elsewhere in this title: *Provided*, That such bank may pay interest not less often than annually on the anniversary dates of accounts separately classified for this purpose;

(c) Declare, credit or pay dividends on any amount to the credit of a depositor for a longer period than the same has been credited: *Provided*, That deposits made not later than the tenth day of any month (unless the tenth day is not a business day, in which case it may be the next succeeding business day), or withdrawn upon one of the last three business days of the month ending any quarterly or semiannual dividend period, may have dividends declared upon them for the whole of the period or month when they were so deposited or withdrawn: *Provided further*, That if the bylaws so provide, accounts closed between dividend periods may be credited with dividends at the rate of the last dividend, computing from the first dividend period to the date when closed.

(5) The trustees of any savings banks whose undivided profits and guaranty fund, determined in the manner prescribed in RCW 32.12.070, amount to more than twenty-five percent of the amount due its depositors, shall at least once in three years divide equitably the accumulation beyond such twenty-five percent as an extra dividend to depositors in excess of the regular dividend authorized.

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

RCW 32.20.250
amended.

SEC. 4. Section 32.20.250, chapter 13, Laws of 1955, as last amended by section 4, chapter 41, Laws

of 1959, and RCW 32.20.250 are each amended to read as follows:

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

Investments.
Real estate

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 seventy-five percent of the value of such real estate, including improvements, except that in the event such savings bank obtains, as additional collateral, 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: *Provided*, That a mortgage loan secured by property improved with one to four family residential dwellings may require the payment of principal and interest in annual, semiannual, quarterly or monthly payments, at a rate which, if continued, would repay the loan in full in not more than twenty-five 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.

SEC. 5. Section 32.20.260, chapter 13, Laws of 1955, and RCW 32.20.260 are each amended to read as follows:

RCW 32.20.260 amended.

Limits of total investment in contracts and certain mortgages. A mutual savings bank may invest not to exceed fifteen percent of its funds in contracts for the sale of real estate subject to the following restrictions:

Real estate contracts. Limits of total investment in contracts and certain mortgages.

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

(2) That the property subject to the contract is such as would be eligible, and that the balance owing thereon is no greater and is payable within the times prescribed under RCW 32.20.250 for a mortgage loan secured by the property;

(3) That the purchaser shall not be in default in any of the terms of the contract.

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-five percent of its funds.

RCW 32.20.270
amended.

SEC. 6. Section 32.20.270, chapter 13, Laws of 1955 as amended by section 5, chapter 41, Laws of 1959, and RCW 32.20.270 are each amended to read as follows:

First mort-
gages 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

(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 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, or the proceeds of such policy to be impounded or payable to a trustee for use in repairing or rebuilding or replacing improvements on the leasehold.

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 interests 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 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 twenty years, or in any case where the lease is to expire in less than one and one-half times the term of 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 five years prior to the expiration of the lease.

No loan on a leasehold estate shall be for an amount greater than two-thirds of the value of such leasehold estate. A loan may be made on a leasehold 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.

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-five percent of its funds.

SEC. 7. Section 32.20.275, chapter 13, Laws of 1955, and RCW 32.20.275 are each amended to read as follows:

RCW 32.20.275 amended.

A mutual savings bank may invest in loans secured by first mortgages which are eligible for investment by such banks, the making or holding of which is participated in by others. The note, mortgage and insurance may run to the participants as their interests may appear, or to any one of the participants if the other participants are furnished documents evidencing their interests which are suitable for recording, and such note, mortgage and insurance may be held by any one of the participants for the benefit of all participants as their interests may appear.

First mortgages participated in by others.

Passed the Senate February 28, 1961.

Passed the House February 27, 1961.

Approved by the Governor March 8, 1961.