

CHAPTER 176.

[S. B. 15.]

MUTUAL SAVINGS BANKS.

AN ACT relating to mutual savings banks; amending section 8, chapter 80, Laws of 1957, and RCW 32.08.061; amending section 32.08.140, chapter 13, Laws of 1955 as amended by section 2, chapter 80, Laws of 1957, and RCW 32.08.140; amending section 32.12.020, chapter 13, Laws of 1955 as last amended by section 2, chapter 80, Laws of 1961, and RCW 32.12.020; amending section 32.12.030, chapter 13, Laws of 1955 as amended by section 7, chapter 280, Laws of 1961, and RCW 32.12.030; amending section 32.20.040, chapter 13, Laws of 1955, and RCW 32.20.040; amending section 32.20.230, chapter 13, Laws of 1955, and RCW 32.20.230; amending section 32.20.250, chapter 13, Laws of 1955 as last amended by section 4, chapter 80, Laws of 1961, and RCW 32.20.250; amending section 32.20.260, chapter 13, Laws of 1955 as amended by section 5, chapter 80, Laws of 1961, and RCW 32.20.260; amending section 32.20.270, chapter 13, Laws of 1955 as last amended by section 6, chapter 80, Laws of 1961, and RCW 32.20.270; adding one new section to chapter 13, Laws of 1955 and to chapter 32.04 RCW; adding three new sections to chapter 13, Laws of 1955 and to chapter 32.12 RCW; and adding six new sections to chapter 13, Laws of 1955 and to chapter 32.20 RCW.

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

SECTION 1. Section 8, chapter 80, Laws of 1957, and RCW 32.08.061 are each amended to read as follows:

RCW 32.08.061 amended without change.

Mutual savings banks. Extension of period of existence—Procedure.

A mutual savings bank may amend its incorporation certificate to extend the period of its corporate existence for a further definite time or perpetually by a resolution adopted by a majority vote of its board of trustees. Triplicate copies of the resolution subscribed and acknowledged by the president and secretary of such bank, shall be filed in the office of the supervisor within thirty days after its adoption. If the supervisor finds that the resolution conforms to law he shall, within sixty days after the

date of the filing thereof, endorse upon each of the triplicates thereof, over his official signature, his approval and forthwith give notice thereof to the bank and shall file one of the triplicate certificates in his own office, shall transmit another triplicate to the county auditor of the county in which the main office of such bank is located and shall transmit the third triplicate to the secretary of state. Upon receipt from the mutual savings bank of the same fees as are required of general corporations for filling corresponding instruments, the county auditor and the secretary of state shall file the resolution in their respective offices, and the secretary of state shall record the same. Upon the filing of said resolution in triplicate, approved as aforesaid in the offices of the supervisor, the secretary of state and county auditor, the corporate existence of said bank shall continue for the period set forth in said resolution unless sooner terminated pursuant to law.

SEC. 2. Section 32.08.140, chapter 13, Laws of 1955 as amended by section 2, chapter 80, Laws of 1957, and RCW 32.08.140 are each amended to read as follows:

RCW 32.08.140
amended.

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

Powers of
bank.

(1) To receive deposits of money, to invest the same in the property and securities prescribed in this title, to declare dividends in the manner prescribed in this title, 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

Mutual savings
banks. Powers.

shall show that it does not constitute a liability of the savings bank, except as otherwise provided in this title.

(3) To purchase, hold and convey real property as prescribed in RCW 32.20.280.

(4) To pay depositors as hereinafter provided, and when requested, pay 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 pursuance of a resolution adopted by a vote of a majority of its board of trustees duly entered upon its minutes whereon shall be recorded by ayes and noes the vote of each trustee, for the purpose of repaying depositors, and to pledge or hypothecate securities as collateral for loans so obtained. Immediate written notice shall be given to the supervisor of all amounts so borrowed, and of all assets so pledged or hypothecated.

(6) Subject to such regulations and restrictions as the supervisor finds to be necessary and proper, to borrow money in pursuance of a resolution adopted by a vote of a majority of its board of trustees duly entered upon its minutes whereon shall be recorded by ayes and noes the vote of each trustee, for purposes other than that of repaying depositors and to pledge or hypothecate its assets as collateral for any such loans, provided that no amount shall at any time be borrowed by a savings bank pursuant to this subsection (6), if such amount, together with the amount then remaining unpaid upon prior borrowings by such savings bank pursuant to this subsection (6), exceeds ten percent of the assets of the savings bank. When it shall appear to the supervisor that any bank is habitually borrowing for the purpose of reloaning, he may require the bank to pay off such borrowed money.

(7) 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 credit 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.

(8) 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.

(9) To act as insurance agent for the purpose of writing fire insurance on property in which the bank has an insurable interest, the property to be located in the city in which the bank is situated and in the immediate contiguous suburbs, notwithstanding anything in any other statute to the contrary.

(10) To let vaults, safes, boxes or other receptacles for the safekeeping or storage of personal property, subject to laws and regulations applicable to, and with the powers possessed by, safe deposit companies.

(11) 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 title, and to define their powers and duties, and to remove them at will.

(12) To make and amend bylaws consistent with law for the management of its property and the conduct of its business.

(13) To wind up and liquidate its business in accordance with this title.

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

(15) To do all other acts authorized by this title.

SEC. 3. Section 32.12.020, chapter 13, Laws of 1955 as last amended by section 2, chapter 80, Laws of

RCW 32.12.020
amended.

1961, and RCW 32.12.020 are each amended to read as follows:

Mutual savings banks. 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 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.

Proviso.

(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. The issuance of a passbook may also be omitted for any other accounts unless the depositor has requested the issuance thereof in writing. Records shall be kept for such accounts showing 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 entitled thereto. As a condition of such payment such bank may require proof by affidavit as to the

Mutual savings banks. Repayment of deposits and dividends.

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 32.12.030 amended without change.

SEC. 4. Section 32.12.030, chapter 13, Laws of 1955 as amended by section 7, chapter 280, Laws of 1961, and RCW 32.12.030 are each amended to read as follows:

Deposits of minors, in trust, of joint tenants.

(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.

(2) When any deposit shall be made by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given in writing to such savings bank, in the event of the death of the trustee, the deposit or any part thereof, together with the dividends thereon, may be paid to the person for whom the deposit was made.

(3) After any deposit shall be made by any person in the names of such depositor and one or more other persons and in form to be paid to any of them or the survivor of them, such deposit and any additions thereto made by any 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 any of them during their lifetimes or to the survivor or survivors 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 all depositors to vest title to such deposit and the additions thereto in the survivor or survivors.

SEC. 5. Section 32.20.040, chapter 13, Laws of 1955, and RCW 32.20.040 are each amended to read as follows:

RCW 32.20.040 amended.

A mutual savings bank may invest its funds:

Investments—
Federally insured or
secured loans,
securities, etc.

(1) In such loans and advances of credit and purchases of obligations representing loans and advances of credit as are eligible for insurance by the Federal Housing Administrator, and may obtain such insurance.

(2) In such loans secured by mortgage on real property as the Federal Housing Administrator insures or makes a commitment to insure, and may obtain such insurance.

(3) In such other loans or contracts or advances of credit as are insured or guaranteed or which are covered by a repurchase agreement in whole or in part by the United States or through any corporation, administrator, agency or instrumentality which is or hereafter may be created by the United States, and may obtain such insurance or guarantee.

(4) In capital stock, notes, bonds, debentures, or

Mutual savings banks—Investments. Federally insured or secured loans, securities, etc.

other such obligations of any national mortgage association.

(5) In such loans as are secured by contracts of the United States or any agency or department thereof assigned under the "Assignment of Claims Act of 1940," approved October 9, 1940, and acts amendatory thereof or supplementary thereto, and may participate with others in such loans.

(6) In notes or bonds secured by mortgages issued under sections 500 to 505, inclusive, of Title III of the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th congress), and any amendments thereto, and the regulations, orders or rulings promulgated thereunder.

No law of this state prescribing the nature, amount, or form of security or requiring security or prescribing or limiting interest rates or prescribing or limiting the term, shall be deemed to apply to loans, contracts, advances of credit or purchases made pursuant to the foregoing subdivisions (1), (2), (3), (4), (5), and (6).

RCW 32.20.230 amended.

SEC. 6. Section 32.20.230, chapter 13, Laws of 1955, and RCW 32.20.230 are each amended to read as follows:

Notes secured by collateral securities.

A mutual savings bank may invest its funds in promissory notes payable to the order of the savings bank, secured by the pledge or assignment of any bonds, warrants, or interest bearing obligations lawfully purchasable by a savings bank. No such loan shall exceed ninety percent of the cash market value of such securities so pledged. Should any of the securities so held in pledge depreciate in value after making 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 percent of the market value of the securities so pledged for such loan.

SEC. 7. Section 32.20.250, chapter 13, Laws of 1955 as last amended by section 4, chapter 80, Laws of 1961, and RCW 32.20.250 are each amended to read as follows:

RCW 32.20.250 amended.

A mutual savings bank may invest its funds in loans secured by first mortgages on real estate subject to the following restrictions:

Real estate mortgages.

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 eighty 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

Mutual savings
banks—Invest-
ments. Real
estate mort-
gages.

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, 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:

Proviso.

(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. 8. Section 32.20.260, chapter 13, Laws of 1955 as amended by section 5, chapter 80, Laws of 1961, and RCW 32.20.260 are each amended to read as follows:

RCW 32.20.260
amended.

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:

Limits of total
investment in
contracts for
sale of real
estate.

(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.

RCW 32.20.270 amended.

SEC. 9. Section 32.20.270, chapter 13, Laws of 1955 as last amended by section 6, chapter 80, Laws of 1961, and RCW 32.20.270 are each amended to read as follows:

Mutual savings banks—Investments. 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

(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 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 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

Mutual savings banks—Investments. First mortgages up-on leaseholds.

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.

New section.

SEC. 10. There is added to chapter 13, Laws of 1955 and to chapter 32.04 RCW, a new section, to be known as section 32.04.025, to read as follows:

Condominium as real property for bank purposes.

The words "real estate" and "real property" as used in this title shall include apartments or other portions, however designated, of horizontal property regimes, or a condominium interest in property, as may be created under any laws now in existence or hereafter enacted. A mutual savings bank may do any act necessary or appropriate in connection

with its interest in or ownership of any portion of a horizontal property regime or condominium.

SEC. 11. There is added to chapter 13, Laws of 1955 and to chapter 32.12 RCW a new section, to be known as section 32.12.100, to read as follows:

Any funds of the state and of any municipal corporation, taxing district, political subdivision, or political entity thereof, and any funds held in trust by or under the management of any of the above may be deposited in a mutual savings bank.

All the deposits must be fully insured by the federal deposit insurance corporation.

SEC. 12. There is added to chapter 13, Laws of 1955 and to chapter 32.12 RCW a new section, to be known as section 32.12.110, to read as follows:

Upon the death of any person having funds held by or on deposit with any mutual savings bank, such mutual savings bank may with full acquittance to it pay over the balance of such funds to the executor or administrator of the estate of such deceased person appointed under the laws of any other state or territory or country, after (1) such foreign executor or administrator has caused a notice to be published substantially in the manner and form herein provided for, in a newspaper of general circulation in the county in which is located the office or branch of the bank holding or having on deposit said funds, or if none, then in a newspaper of general circulation in an adjoining county, at least once a week for at least three successive weeks; (2) expiration of at least ninety days after the date of first publication of such notice; and (3) consent of the tax commission to such payment or receipt for payment of any inheritance tax due has been received by such bank: *Provided*, That if an executor or administrator of the estate of said deceased person shall be appointed and qualify as such under the laws of this state and deliver

Mutual savings banks. Pay-
ment of funds to foreign
executor or administrator
—Procedure—
Notice, publi-
cation of.

a certified copy of his letters testamentary or of administration or certificate of qualification to the office or branch of such mutual savings bank holding or having on deposit such funds prior to its transmitting the same to a foreign executor or administrator, then such funds shall be paid to or to the order of the executor or administrator of said estate appointed and qualified in this state. The notice herein provided for may be published in substantially the following form:

In the Matter of the Estate of

....., deceased

Notice is hereby given that the undersigned representative of the estate of said deceased person has applied for transfer to the undersigned of funds of said deceased held or on deposit at the office of the address of which is

....., in the state of Washington; and that such transfer may be made after ninety days from first publication of this notice unless an executor or administrator of said estate is appointed and qualified within the state of Washington and said bank receives written notice thereof at its said address prior to transmittal of such funds to the undersigned.

Date of first publication:

..... of said estate

Address:

Affidavit of the publisher of the publication of such notice filed with such mutual savings bank shall be sufficient proof of such publication.

New section.

SEC. 13. There is added to chapter 13, Laws of 1955 and to chapter 32.12 RCW a new section, to be known as section 32.12.120, to read as follows:

Notice to any mutual savings bank doing business in this state of an adverse claim to a deposit stand-

ing on its books to the credit of any person shall not be effectual to cause said bank to recognize said adverse claimant unless said adverse claimant shall also either procure a restraining order, injunction or other appropriate process against said bank from a court of competent jurisdiction in a cause therein instituted by him wherein the person to whose credit the deposit stands is made a party and served with summons or shall execute to said bank, in form and with sureties acceptable to it, a bond, in an amount which is double either the amount of said deposit or said adverse claim, whichever is the lesser, indemnifying said bank from any and all liability, loss, damage, costs and expenses, for and on account of the payment of such adverse claim or the dishonor of the check or other order of the person to whose credit the deposit stands on the books of said bank: *Provided*, That this law shall not apply in any instance where the person to whose credit the deposit stands is a fiduciary for such adverse claimant, and the facts constituting such relationship as also the facts showing reasonable cause of belief on the part of said claimant that the said fiduciary is about to misappropriate said deposit, are made to appear by the affidavit of such claimant.

Adverse claims to deposit accompanied by bond or court order—Exception.

Proviso.

SEC. 14. There is added to chapter 13, Laws of 1955 and to chapter 32.20 RCW a new section, to be known as section 32.20.215, to read as follows:

New section.

A mutual savings bank may invest not to exceed five percent of its funds in obligations issued or guaranteed by the Inter-American Development Bank.

Investments—Inter-American Development Bank obligations.

SEC. 15. There is added to chapter 13, Laws of 1955 and to chapter 32.20 RCW a new section, to be known as section 32.20.235, to read as follows:

New section.

A mutual savings bank may invest its funds in promissory notes secured by a pledge or assignment

Mutual savings banks—Investments. Notes secured by pledge or assignment of first mortgages or real estate contracts.

of one or more first mortgages or real estate contracts lawfully permissible for investments by a mutual savings bank. The loan may be made or renewed in an amount not exceeding the percentage of the value of the property covered by the mortgage or contract authorized for such mortgage or contract by this chapter. The amount of the loan shall not exceed the balance due on such mortgages or contracts.

If the mortgages or contracts offered as collateral are not within the classes permissible for investment under RCW 32.20.040, before the collateral loan is made or renewed the value of each of the properties covered by the mortgages or contracts offered or pledged as collateral shall be certified in accordance with the provisions of RCW 32.20.250. Each of the mortgages or contracts accepted as collateral and the mortgage notes secured thereby, if any, shall be assigned and endorsed to the savings bank.

New section.

SEC. 16. There is added to chapter 13, Laws of 1955 and to chapter 32.20 RCW a new section, to be known as section 32.20.380, to read as follows:

Stocks, securities, of certain corporations not otherwise eligible for investment.

A mutual savings bank may invest its funds in stocks or other securities of corporations other than banks whose home offices are located in the state of Washington not otherwise eligible for investment by the savings bank which are prudent investments for the bank in the opinion of its board of trustees or of a committee thereof whose action is ratified by the board at its regular meeting next following the 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.

New section.

SEC. 17. There is added to chapter 13, Laws of 1955 and to chapter 32.20 RCW a new section, to be known as section 32.20.390, to read as follows:

A mutual savings bank may invest its funds:

(1) In capital stock, notes, bonds, debentures, participating certificates, and other obligations of any corporation or association which is or hereafter may be created pursuant to any law of the United States for the purpose of insuring or marketing real estate mortgages: *Provided*, That the amount a mutual savings bank may invest in the capital stock of any one such corporation shall not exceed five percent of the funds of the mutual savings bank and the total amount it may invest in capital stock pursuant to this subsection (1) shall not exceed ten percent of the funds of the mutual savings bank.

Obligations of federally authorized corporations insuring or marketing real estate mortgages.

Proviso.

(2) In such loans, advances of credit, participating certificates, and purchases of obligations representing loans and advances of credit as are eligible for insurance by any corporation or association which is or hereafter may be created pursuant to any law of the United States for the purpose of insuring real estate mortgages. The bank may do all acts necessary or appropriate to obtain such insurance. No law of this state prescribing the nature, amount, or form of security, or prescribing or limiting the period for which loans or advances of credit may be made shall apply to loans, advances of credit, or purchases made pursuant to this subsection (2).

Loans, certificates, etc., eligible for insurance.

SEC. 18. There is added to chapter 13, Laws of 1955 and to chapter 32.20 RCW a new section, to be known as section 32.20.400, to read as follows:

New section.

A mutual savings bank may invest not to exceed five percent of its funds in loans for home or property repairs, alterations, appliances, improvements, or additions: *Provided*, That

Loans for home or property repair, appliances, additions.

Proviso.

- (1) The principal amount of any loan shall not exceed thirty-five hundred dollars;
- (2) The loan shall be evidenced by a note or notes;
- (3) The application therefor shall specifically

state that the proceeds are to be used for housing or property repairs, alterations, appliances, improvements, or additions on or used in connection with property owned by the borrower; and

(4) The term of the loan shall require repayment in equal monthly payments beginning within two months of the date of disbursement and extending not more than sixty months.

New section.

SEC. 19. There is added to chapter 13, Laws of 1955 and to chapter 32.20 RCW, a new section to be known as section 32.20.410, to read as follows:

Mutual savings banks—Investments. Limitation of total investment in certain obligations.

The aggregate total amount a mutual savings bank may invest in the following shall not exceed eighty percent of its funds:

- (1) Mortgages upon real estate and participations therein;
- (2) Contracts for the sale of realty;
- (3) Mortgages upon leasehold estates;
- (4) Notes secured by pledges or assignments of first mortgages or real estate contracts; and
- (5) Notes, bonds, debentures, advances of credit, participating certificates, and other obligations of any corporation or association which is or hereafter may be created pursuant to any law of the United States for the purpose of insuring or marketing real estate mortgages.

Severability.

SEC. 20. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Passed the Senate February 22, 1963.

Passed the House March 10, 1963.

Approved by the Governor March 26, 1963.