

CHAPTER 107
[Engrossed House Bill No. 282]
SAVINGS AND LOAN ASSOCIATIONS

AN ACT Relating to savings and loan associations; amending section 7, chapter 235, Laws of 1945 as amended by section 1, chapter 246, Laws of 1963 and RCW 33.08.060; amending section 7, chapter 280, Laws of 1959 and RCW 33.08.110; amending section 29, chapter 235, Laws of 1945 as amended by section 2, chapter 246, Laws of 1963 and RCW 33.12.010; amending section 12, chapter 235, Laws of 1945 as amended by section 2, chapter 20, Laws of 1949 and RCW 33.20.010; amending section 67, chapter 235, Laws of 1945, as amended by section 6, chapter 20, Laws of 1949 and RCW 33.24.100; amending section 77, chapter 235, Laws of 1945 as amended by section 4, chapter 222, Laws of 1961 and RCW 33.28.020; amending section 4, chapter 122, Laws of 1955 as amended by section 9, chapter 246, Laws of 1963 and RCW 33.48.030; amending section 9, chapter 122, Laws of 1955 as amended by section 6, chapter 49, Laws of 1967 and RCW 33.48.080; adding new sections to chapter 235, Laws of 1945 and to Title 33 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 7, chapter 235, Laws of 1945 as amended by section 1, chapter 246, Laws of 1963 and RCW 33.08.060 are each amended to read as follows:

Upon receipt of such articles of incorporation and bylaws, the supervisor shall proceed to determine, from all sources of information and by such investigation as he may deem necessary, whether the proposed articles and bylaws comply with all requirements of law, and whether the incorporators and directors possess the qualifications required by this title, and whether the incorporators have available for the operation of such business at the specified location sufficient cash assets, exclusive of the contingent fund, and whether the general fitness of the persons named in the articles of incorporation are such as to command confidence and warrant belief that the busi-

ness of the proposed association will be honestly and efficiently conducted in accordance with the intent and purposes of this title, and whether the public convenience and advantage will be promoted by allowing such association to be incorporated and engage in business in the community indicated, and whether the population and industry of the neighborhood and the surrounding country afford reasonable promise of adequate support for the proposed association. For the purpose of this investigation and determination, the incorporators, when delivering the articles and bylaws to the supervisor, shall deliver to the supervisor the sum of (~~three-hundred~~) one thousand dollars, by certified check payable to the state treasurer, to cover the expense of such investigation and determination.

Sec. 2. Section 7, chapter 280, Laws of 1959 and RCW 33.08.110 are each amended to read as follows:

An association with the written approval of the supervisor, may establish and operate branches in any county of the state.

An association desiring to establish a branch shall file a written application therefor with the supervisor, who shall approve or disapprove the application within six months after receipt.

A branch shall not be established at a place in which the supervisor would not permit a proposed new association to engage in business, by reason of any consideration contemplated by RCW 33.08.060 as now or hereafter amended. A branch shall not be established or permitted if the contingent fund, loss reserves and guaranty stock are less than the aggregate paid-in capital which would be required by law as a prerequisite to the establishment and operation of an equal number of branches in like locations by a bank. If the application for a branch is not approved, the association shall have the right to appeal in the same manner and within the same time as provided by RCW 33.08.070 as now or hereafter amended. The association when delivering said application to the supervisor shall transmit to him a check for (~~one~~) five hundred dollars to cover the expense of the investigation. An association shall not move any office from its im-

mediate vicinity without prior approval of the supervisor.

Sec. 3. Section 29, chapter 235, Laws of 1945 as amended by section 2, chapter 246, Laws of 1963 and RCW 33.12.010 are each amended to read as follows:

An association shall have the same capacity to act as possessed by natural persons, but shall have authority to perform only such acts as are necessary or proper to accomplish its purposes and which are not repugnant to law.

Subject to the restrictions and limitations of this title, every such association shall have authority:

- (1) To have a corporate seal and to alter the same at pleasure;
- (2) To continue as an association for the time limited in its articles of incorporation or, if no such time limit is specified, then perpetually;
- (3) To sue or be sued in its corporate name;
- (4) To acquire, hold, sell, dispose of, pledge, mortgage, or encumber property, as its interests and purposes may require;
- (5) To conduct business in this state and elsewhere as may be permitted by law and, to this end, to comply with any law, regulation, or other requirements incident thereto;
- (6) ~~((To receive savings and to repay or invest the same))~~ To acquire capital in the form of savings deposits, shares, or other accounts for fixed, minimum or indefinite periods of time (all of which are referred to in this section as savings accounts and all of which shall have the same priority upon liquidation) as are authorized by its bylaws, and may issue such passbooks, time certificates of deposit, or other evidence of savings accounts;
- (7) To declare and pay dividends or interest;
- (8) To borrow money and to pledge, mortgage, or hypothecate its properties and securities in connection therewith;
- (9) To collect or protest promissory notes or bills of exchange owned or held as collateral by the association;

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

(11) To act as fiscal agent for the United State of America; to purchase, own, vote, or sell stock in, or act as fiscal agent for any federal home loan bank, the federal housing administration, home owners' loan corporation, or other state or federal agency, organized under the authority of the United State or of the state of Washington and authorized to loan to or act as fiscal agent for savings and loan associations or to insure savings accounts or mortgages; and in the exercise of these powers, to comply with any requirements of law or rules or regulations or orders promulgated by such federal or state agency and to execute any contracts and pay any charges in connection therewith;

(12) To procure insurance of its mortgages and of its savings accounts from any state or federal corporation or agency authorized to write such insurance and, in the exercise of these powers, to comply with any requirements of law or rules or regulations or orders promulgated and to execute any contracts and pay any premiums required in connection therewith;

(13) To loan money and to sell any of its notes or other evidences of indebtedness, together with the collateral securing the same;

(14) To make, adopt, and amend bylaws for the management of its property and the conduct of its business;

(15) To deposit moneys and securities in any bank or other like depository;

(16) To dissolve and wind up its business;

(17) To collect or compromise debts due to it and, in so doing, to apply to the indebtedness the savings accounts of the member debtors, and to receive, as collateral or otherwise, other securities, property or property rights of any kind or nature;

(18) To become a member of, deal with, or make reasonable payments or contribution to any organization to the extent that such organization assists in furthering or facilitating the association's purposes, powers or community responsibilities, and to comply with any reasonable conditions of eligibility;

(19) To sell money orders, travelers checks and similar instruments as agent for any organization empowered to sell such instruments through agents within this state and to receive money for transmission through a federal home loan bank;

(20) To service loans and investments for others: PROVIDED, That the loans or investments were sold by the association;

(21) To sell without recourse and to purchase mortgages or other loans authorized by Title 33 RCW as now or hereafter amended, including participating interests therein;

(22) To use abbreviations, words or symbols in connection with any document of any nature and on checks, proxies, notices and other instruments which abbreviations, words, or symbols shall have the same force and legal effect as though the respective words and phrases for which they stand were set forth in full for the purposes of all statutes of the state and all other purposes;

(23) The powers granted in this section shall not be construed as limiting or enlarging any grant of authority made elsewhere by this title, or as a limitation on the purposes for which an association may be incorporated;

(24) To exercise, by and through its board of directors and duly authorized officers and agents, all such incidental powers as may be necessary to carry on the business of the association.

Sec. 4. Section 12, chapter 235, Laws of 1945 as amended by section 2, chapter 20, Laws of 1949 and RCW 33.20.010 are each amended to read as follows:

Each member having savings or deposits in an association shall have a proportionate proprietary interest in its assets or net earnings subordinate to the claims of its other creditors. Each borrower

and each contract purchaser indebted to an association shall also be a member thereof but, as such, shall have no interest in its assets. At any meeting of the members of an association, each member shall be entitled to at least one vote. An association, by its bylaws, may provide that each savings member shall be entitled to one vote for each one hundred dollars of his savings account. At any meeting of the members, voting may be in person or by proxy. Proxies shall be in writing and signed by the member and, when filed with the secretary, shall continue in force until revoked or superseded by subsequent proxies. Written notice of the time and place of the holding of special meetings (other than the regular annual meeting) shall be mailed to each member at his last known address not more than thirty days, nor less than ten days prior to the meeting. The regular annual meeting of the association shall be announced by publication of a notice thereof in a newspaper published in the city or town, or, if the association is not in a city or town, in the county in which the association is located at least ten days prior to the date of such meeting, or by ten days' written notice to the members mailed to the last known address of each member.

Sec. 5. Section 67, chapter 235, Laws of 1945 as amended by section 6, chapter 20, Laws of 1949 and RCW 33.24.100 are each amended to read as follows:

An association may invest its funds in loans secured by first mortgages on improved real estate, subject to the following conditions and restrictions:

(1) No mortgage loan shall be made in excess of fifty percent of the value of the security unless its terms require the payment of the 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~~) thirty years, beginning within one year and continuing until the loan is reduced to fifty percent or less of the value of the security as then determined upon a reappraisalment. No loan upon which payments in reduction of prin-

cipal are not being made at least annually shall continue for more than five years, unless, at the expiration of each five year period, it shall be reappraised and the loan reduced to an amount not in excess of fifty percent of the new appraised value.

(2) Notwithstanding any other provision of this title, an association may make any loan which is insured or guaranteed in whole or in part by the federal housing administrator, the veterans' administration, or any other state or federal agency, or for which said administrator, administration, or agency has issued commitment to insure or guarantee such loan.

(3) (~~Loans not so insured or guaranteed~~) Other loans shall not be in excess of:

(a) (~~Eighty~~) Ninety percent of the appraised value if secured by a first mortgage lien on property on which is situated a dwelling (~~not over-thirty-months-old~~).

(~~(b) Sixty-six-and-two-thirds-percent-of-the-appraised-value, if secured by a first mortgage lien on property on which is situated a dwelling not over-fifteen-years-old or which is fully-repaired-and-modernized at-the-time-the-loan-is-made.~~

(~~e) Sixty-percent-of-the-appraised-value, if secured by a first mortgage lien on property improved with a dwelling or apartment building other than as above-described.~~

(~~d) Fifty~~) (b) Seventy-five percent of the appraised value, if secured by a first mortgage lien on property improved with a building or buildings other than as above described.

(4) Notwithstanding the provisions of this section, an association may make any loan which is permitted to a federal savings and loan association doing business in this state.

Sec. 6. Section 77, chapter 235, Laws of 1945 as amended by section 4, chapter 222, Laws of 1961 and RCW 33.28.020 are each amended to read as follows:

Every savings and loan association organized under the laws of this state shall on or before the 31st day of July in each year, pay to the

supervisor a license fee, for the ensuing fiscal year commencing July 1st, of fifty dollars. An additional fee of fifty dollars shall also be paid for each branch office (~~((operating-and-open-to-the-public-as-of-June-30th-of-the-year-in-which-the-fee-is-payable))~~).

The supervisor shall also collect from each association the actual cost for each examination of its condition charging a per diem rate not more than the rate charged federal savings and loan associations by the examining division of the federal home loan bank board.

Sec. 7. Section 4, chapter 122, Laws of 1955 as amended by section 9, chapter 246, Laws of 1963 and RCW 33.48.030 are each amended to read as follows:

Associations chartered under this chapter 33.48 RCW shall be known as guaranty stock savings and loan associations, and shall have a permanent nonwithdrawable stock of the par value of not less than (~~((ten))~~) one dollar(~~((s))~~) per share. The minimum amount of such stock shall be twenty-five thousand dollars in the case of associations outside of incorporated cities, or in cities of less than twenty-five thousand population. Associations located in cities of greater population shall have as a minimum, fifty thousand dollars of such stock. The board of such association is authorized and directed to issue and maintain the guaranty stock in the following percentages: Three percent upon the first five million dollars; two percent upon the next three million dollars, and one percent upon all additional withdrawable savings: PROVIDED, That associations whose savings are insured by the Federal Savings and Loan Insurance Corporation shall not be required to maintain stock in excess of three hundred thousand dollars.

Sec. 8. Section 9, chapter 122, Laws of 1955 as amended by section 6, chapter 49, Laws of 1967 and RCW 33.48.080 are each amended to read as follows:

Each member having guaranty stock in an association shall have a proportionate proprietary interest in its assets and net earnings subordinate to the claims of its (~~((other))~~) creditors with priorities as established by this chapter 33.48 RCW; but no other member as de-

defined in RCW 33.48.010 shall have any such interest except as provided in RCW 33.48.120 as now or hereafter amended.

NEW SECTION. Sec. 9. Every savings and loan association may classify its savers or depositors according to the character, amount, frequency or duration of their dealings with the association and may regulate the earnings in such manner that each saver or depositor shall receive the same returnable portion of dividends as all others of his class.

NEW SECTION. Sec. 10. A savings and loan association may, on instruction from a saver or depositor, effect withdrawals from his account by the association's drafts payable to parties and on terms as so instructed: PROVIDED, HOWEVER, That no account or deposit in a savings and loan association shall be subject to a check or to withdrawal or transfer on negotiable or transferable order or authorization to the savings and loan association. To the extent of the subjection of accounts to such withdrawal instructions, such accounts may be specifically classified under section 9 of this 1969 amendatory act and ineligible to receive interest or eligible only for limited interest.

NEW SECTION. Sec. 11. An association may invest its funds in loans secured by the pledge of policies of life insurance, the assignment of which is properly acknowledged by the insurer, but not exceeding the cash value of such policies.

NEW SECTION. Sec. 12. An association may invest its funds in loans secured by the pledge of loans or investments, the assignment of which need not be recorded, or a type in which the association is authorized to invest: PROVIDED, That the loans and investments so pledged shall be subject to all restrictions and requirements which would be applicable were the association to invest directly in such loans or investments.

NEW SECTION. Sec. 13. A savings and loan association may purchase and hold for its own investment accounts stock in small business investment companies licensed and regulated by the United States as authorized by the small business act, Public Law 85-536, as amended

and now in force, in an amount not to exceed one percent of its paid in capital surplus.

NEW SECTION. Sec. 14. An association may invest in equity securities issued by any corporation organized under the laws of the United States or any state, subject to the further limitations and conditions that at the time of such investment the aggregate of the reserves, surplus, undivided profits and guaranty stock, if any, of the association is at least equal to five percent of the assets of the association and that immediately upon the making of any investment in any equity security under authority of this paragraph, the aggregate amount of all equity securities then held by the association under authority of this paragraph does not exceed fifty percent of its reserves, surplus, and undivided profits.

NEW SECTION. Sec. 15. An association may, with or without security, make loans, advance credit, and purchase obligations representing loans and advances of credit (all of which are hereinafter referred to in this section as "loans") for the payment of expenses of college or university education: PROVIDED, That no association shall have loans under this section, exclusive of any loan which is or which at the time of its making was otherwise authorized, aggregating at any one time more than five percent of its total assets. An association making a loan under this section may require a comaker or comakers, insurance, guaranty under a government student loan guarantee plan, or other protection against contingencies. The borrower shall certify to the association that the proceeds of the loan are to be used by a full time student solely for the payment of expenses of college or university education. For the purpose of this section the term "college or university education" means education at an institution which provides an education program for which it awards a bachelor's degree, or provides not less than a two-year program which is acceptable for full credit towards such a degree. Any person under the age of twenty-one years securing an educational loan under this section or an educational loan made by a federal association shall be deemed to have full legal ca-

capacity to contract and shall have all the rights, powers, privileges and obligations of a person of full age with respect thereto.

NEW SECTION. Sec. 16. Sections 9 through 16 are each added to chapter 235, Laws of 1945 and to Title 33 RCW.

Passed the House March 12, 1969
 Passed the Senate March 11, 1969
 Approved by the Governor March 25, 1969
 Filed in office of Secretary of State March 25, 1969

CHAPTER 108
 [Engrossed House Bill No. 510]
 MUNICIPAL RESEARCH COUNCIL

AN ACT Relating to the excise tax on motor vehicles and trailers; creating a municipal research council for the purpose of allocating revenues therefrom; amending section 82.44.160, chapter 15, Laws of 1961, as amended by section 1, chapter 115, Laws of 1961 and RCW 82.44.160; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 82.44.160, chapter 15, Laws of 1961 as amended by section 1, chapter 115, Laws of 1961, and RCW 82.44.160 are each amended to read as follows:

Before distributing moneys to the cities and towns from the motor vehicle excise fund, as provided in RCW 82.44.150, the state treasurer shall, on the first day of July of each year, make an annual deduction therefrom of a sum equal to one-half of the biennial appropriation made pursuant to this section, which amount shall be at least seven cents per capita of the population of all cities or towns as legally certified on that date, determined as provided in said section, which sum shall be apportioned and transmitted to ((the-University-of-Washington-for-use-by-its-bureau-of-governmental-research-and-services,-and)) the municipal research council, herein created. The municipal research council may contract with and allocate moneys to any state agency, educational institution, or private consulting firm, which in its judgment is qualified to carry on a municipal research and service program. Moneys may be utilized to match federal funds available for technical research and service programs to cities and