

but shall be deemed to be additional legislation for the sole purpose of authorizing the incorporation and operation of mutual savings banks and mutual savings banks converted under chapter 32.— RCW (sections 1 through 104 of this 1981 act) to stock form, as herein prescribed. Savings banks incorporated on the stock plan, other than converted mutual savings banks, and other stock banks having savings departments as authorized by RCW 30.20.060, or by any other law of the state heretofore or hereafter enacted, shall not be in any manner affected by the provisions of this title, or any amendment thereto.

Sec. 106. Section 32.04.020, chapter 13, Laws of 1955 and RCW 32.04.020 are each amended to read as follows:

The use of the term "savings bank" in this title refers to mutual savings banks and converted mutual savings banks only.

The use of the words "mutual savings" as part of a name under which business of any kind is or may be transacted by any person, firm, or corporation, except such as were organized and in actual operation on June 9, 1915, or as may be thereafter organized and operated under the requirements of this title is hereby prohibited.

The use of the term "supervisor" in this title refers to the supervisor of banking.

NEW SECTION. Sec. 107. 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.

NEW SECTION. Sec. 108. Sections 1 through 104 of this act shall constitute a new chapter in Title 32 RCW.

Passed the Senate March 30, 1981.

Passed the House April 15, 1981.

Approved by the Governor May 8, 1981.

Filed in Office of Secretary of State May 8, 1981.

CHAPTER 86

[Senate Bill No. 3327]

MUTUAL SAVINGS BANKS—EXPENSES—BORROWING, INVESTMENT, LENDING POWERS

AN ACT Relating to mutual savings banks; amending section 32.04.060, chapter 13, Laws of 1955 as amended by section 1, chapter 171, Laws of 1977 ex. sess. and RCW 32.04.060; amending section 32.08.140, chapter 13, Laws of 1955 as last amended by section 1, chapter 104, Laws of 1977 ex. sess. and RCW 32.08.140; amending section 32.08.150, chapter 13, Laws of 1955 as last amended by section 1, chapter 51, Laws of 1979 and RCW 32.08.150; amending section 32.20.280, chapter 13, Laws of 1955 as last amended by section 6, chapter 31, Laws of 1973 1st ex. sess. and RCW 32.20.280; amending section 15, chapter 55, Laws of 1969 and RCW 32.20.285; amending section 16, chapter 176, Laws of 1963 and RCW 32.20.380; amending section 18, chapter 176, Laws of 1963 as last amended by section 6, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.400;

amending section 19, chapter 176, Laws of 1963 as last amended by section 7, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.410; amending section 2, chapter 31, Laws of 1973 1st ex. sess. as amended by section 9, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.460; adding new sections to chapter 13, Laws of 1955 and to chapters 32.08 and 32.20 RCW; repealing section 15, chapter 176, Laws of 1963 and RCW 32.20.235; repealing section 32.20.250, chapter 13, Laws of 1955, section 5, chapter 80, Laws of 1955, section 4, chapter 41, Laws of 1959, section 4, chapter 80, Laws of 1961, section 7, chapter 176, Laws of 1963, section 6, chapter 145, Laws of 1967, section 6, chapter 55, Laws of 1969, section 3, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.250; repealing section 16, chapter 55, Laws of 1969, section 8, chapter 222, Laws of 1971 ex. sess., section 4, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.255; repealing section 32.20.260, chapter 13, Laws of 1955, section 5, chapter 80, Laws of 1961, section 8, chapter 176, Laws of 1963 and RCW 32.20.260; repealing section 32.20.270, chapter 13, Laws of 1955, section 5, chapter 41, Laws of 1959, section 6, chapter 80, Laws of 1961, section 9, chapter 176, Laws of 1963, section 7, chapter 145, Laws of 1967, section 5, chapter 222, Laws of 1971 ex. sess. and RCW 32.20.270; repealing section 32.20.275, chapter 13, Laws of 1955, section 7, chapter 80, Laws of 1961 and RCW 32.20.275; repealing section 11, chapter 145, Laws of 1967, section 11, chapter 55, Laws of 1969, section 8, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.420; and repealing section 5, chapter 31, Laws of 1973 1st ex. sess. and RCW 32.20.490.

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

Section 1. Section 32.04.060, chapter 13, Laws of 1955 as amended by section 1, chapter 171, Laws of 1977 ex. sess. and RCW 32.04.060 are each amended to read as follows:

No savings bank shall in the course of any fiscal year (which fiscal year shall be deemed to expire on the last day of December in each year) pay or become liable to pay either directly or indirectly for expenses of management and operation more than ~~((two and one-half))~~ three percent of its average assets during such year: PROVIDED, That a mutual savings bank with less than ~~((one))~~ five hundred million dollars in deposits may pay or become liable to pay either directly or indirectly for expenses of management and operation up to ~~((three and one-half))~~ six percent of its average assets during the year ~~((if, during two of the three prior fiscal years, excluding the present fiscal year, its net current earnings less the sum of the interest paid to its depositors and less the required contributions to its guaranty fund and reserves exceeded two percent of its gross current operating earnings))~~.

Sec. 2. Section 32.08.140, chapter 13, Laws of 1955 as last amended by section 1, chapter 104, Laws of 1977 ex. sess. and RCW 32.08.140 are each amended to read as follows:

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

(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 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~~) thirty percent of the assets of the savings bank.

The sale of securities or loans by a bank subject to an agreement to repurchase the securities or loans shall not be considered a borrowing. Borrowings from federal, state, or municipal governments or agencies or instrumentalities thereof shall not be subject to the limits of this subsection.

(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 32.08.150, chapter 13, Laws of 1955 as last amended by section 1, chapter 51, Laws of 1979 and RCW 32.08.150 are each amended to read as follows:

~~((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, except the))~~ A mutual savings bank may issue savings certificates of deposit in such form and upon such terms as the bank may determine ((upon the following terms:

~~(a) The certificates may provide for the payment of interest at a rate fixed in advance by the bank;~~

~~(b) The certificates may be payable at a fixed future time not less than thirty days after the date of issuance or may contain provisions requiring thirty or more days' notice of demand for payment;~~

~~(c) The certificates may be issued at a discount instead of stipulating a rate of interest, or interest thereon may be deferred to be paid at maturity or other stipulated date)).~~

Sec. 4. Section 32.20.280, chapter 13, Laws of 1955 as last amended by section 6, chapter 31, Laws of 1973 1st ex. sess. and RCW 32.20.280 are each amended to read as follows:

A mutual savings bank may invest its funds in real estate as follows:

(1) A tract of land whereon there is or may be erected a building or buildings suitable for the convenient transaction of the business of the savings bank, from portions of which not required for its own use revenue may be derived: PROVIDED, That the cost of the land and building or buildings for the transaction of the business of the savings bank shall in no case exceed fifty percent of the guaranty fund, undivided profits, reserves, and subordinated securities of the savings bank, except with the approval of the supervisor; and before the purchase of such property is made, or the erection of a building or buildings is commenced, the estimate of the cost thereof, and the cost of the completion of the building or buildings, shall be

submitted to and approved by the supervisor. "The cost of the land and building or buildings" means the amounts paid or expended therefor less the reasonable depreciation thereof taken by the bank against such improvements during the time they were held by the bank.

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

(3) Such lands as the savings bank shall purchase at sales under judgments, decrees, or mortgages held by it.

All real estate purchased by any such savings bank, or taken by it in satisfaction of debts due it, under this section, shall be conveyed to it directly by name, or in the name of a corporation all of the stock of which is owned by the bank, or in such other manner as the bank shall determine to be in the best interest of the bank, and the conveyance shall be immediately recorded in the office of the proper recording officer of the county in which such real estate is situated.

(4) Every parcel of real estate purchased or acquired by a savings bank under subsections (2) and (3) of this section, shall be sold by it within five years from the date on which it was purchased or acquired, or in case it was acquired subject to a right of redemption, within five years from the date on which the right of redemption expires, unless:

~~((1))~~ (a) There is a building thereon occupied by the savings bank and its offices, ~~((or~~

~~(2))~~ (b) The supervisor, on application of the board of trustees of the savings bank, extends the time within which such sale shall be made, or

(c) The property is held by the bank as an investment under the provisions of RCW 32.20.285, as now or hereafter amended.

Sec. 5. Section 15, chapter 55, Laws of 1969 and RCW 32.20.285 are each amended to read as follows:

A mutual savings bank may invest its funds in such real estate, improved or unimproved, and its fixtures and equipment, as the savings bank shall purchase either alone or with others or through ownership of interests in entities holding such real estate. The savings bank may improve property which it owns, and rent, lease, sell, and otherwise deal in such property, the same as any other owner thereof. 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))~~ twenty percent of its funds~~((, whichever is less))~~. No officer or trustee of the bank shall own or hold any interest in any property in which the bank owns an interest, and in the event the bank owns an interest in property hereunder with or as a part of another entity, no officer or trustee of the bank shall own more than two and one-half percent of the equity or stock of any entity involved, and all of the officers and trustees of the bank shall not own more than five percent of the equity or stock of any entity involved.

Sec. 6. Section 16, chapter 176, Laws of 1963 and RCW 32.20.380 are each amended to read as follows:

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.

Sec. 7. Section 18, chapter 176, Laws of 1963 as last amended by section 6, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.400 are each amended to read as follows:

A mutual savings bank may invest not to exceed ~~((ten))~~ twenty percent of its funds in loans for home or property repairs, alterations, appliances, improvements, or additions, home furnishings, for installation of underground utilities, for educational purposes, or for nonbusiness family purposes: PROVIDED, That

~~((1) The principal amount of any loan shall not exceed ten thousand dollars;~~

~~((2))~~ (2) the application therefor shall state that the proceeds are to be used for one of the above purposes(;

~~((3) The term of the loan shall not exceed eighty-five months, except in the case of loans for underground utilities or educational loans which may require repayment at such time and upon such terms as the bank may determine; and~~

~~((4) Nothing in this section shall permit a mutual savings bank to make secured or unsecured loans on or for inventory as that term is defined in section 9-109(4), chapter 157, Laws of 1965, RCW 62A.9-109(4)).~~

Sec. 8. Section 19, chapter 176, Laws of 1963 as last amended by section 7, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.410 are each amended to read as follows:

The aggregate total amount a mutual savings bank may invest in the following shall not exceed the sum of eighty-five percent of its funds and one hundred percent of its borrowings as permitted under RCW 32.08.140, as now or hereafter amended and RCW 32.08.190, as now or hereafter amended:

- (1) Mortgages upon real estate and participations therein;
- (2) Contracts for the sale of realty;
- (3) Mortgages upon leasehold estates; and
- (4) Notes secured by pledges or assignments of first mortgages or real estate contracts.

The limitation of this section shall not apply to GNMA certificates, mortgage backed bonds, mortgage passthrough certificates or other similar securities purchased or held by the bank.

Sec. 9. Section 2, chapter 31, Laws of 1973 1st ex. sess. as amended by section 9, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.460 are each amended to read as follows:

In addition to the portions of its funds permitted to be invested in real estate loans under RCW 32.20.410, a mutual savings bank may invest not to exceed fifteen percent of its funds in loans and investments as follows:

(1) ~~Loans for the rehabilitation, remodeling, or expansion of existing housing ((, if it is arranged that the loan proceeds will be used for such purpose. Such loans may be secured by second mortgages, shall require the payment of principal and interest in annual, semiannual, quarterly, or monthly payments at a rate or rates which if continued would repay the loan in full in not more than fifteen years, and shall be in a principal amount not to exceed twenty thousand dollars per living unit for single family housing or twelve thousand five hundred dollars per living unit for multi-family housing)).~~

(2) Loans in connection with, or participation in:

(a) Housing programs of any agency of federal, state, or local government; and

(b) Housing programs of any nonprofit, union, community, public, or quasi-public corporation or entity.

Such housing must be made available to all without regard to race, creed, sex, color, or national origin.

(3) Loans for purchasing or constructing factory built housing, including but not limited to mobile homes ~~((used or to be used for permanent or semipermanent housing))~~. The bank shall determine the amount, security, and repayment basis which it considers prudent for the loans. ~~((The loan shall be secured by a first mortgage on the real estate, except that no real estate mortgage need be obtained if provision satisfactory to the bank is made for removal of the mobile home or other housing in the event of default and realization on the security.))~~

(4) In mobile home chattel paper which finances the acquisition of inventory by a mobile home dealer if the inventory is to be held for sale in the ordinary course of business by the mobile home dealer, the monetary obligation evidenced by such chattel paper is the obligation of the mobile home dealer and the amount thereof does not exceed the amount allowed to be loaned on such mobile homes under subsection (3) of this section.

NEW SECTION. Sec. 10. There is added to chapter 13, Laws of 1955 and to chapter 32.08 RCW a new section to read as follows:

In addition to all powers, express or implied, that a mutual savings bank has under the laws of this state, a mutual savings bank shall have the powers of federal mutual savings banks formed under the provisions of 12 U.S.C. Sec. 1464.

The restrictions, limitations, and requirements applicable to specific powers of federal mutual savings banks shall apply to mutual savings banks exercising those powers permitted under this section insofar as the restrictions, limitations and requirements relate to exercising the powers granted mutual savings banks solely under this section.

NEW SECTION. Sec. 11. There is added to chapter 13, Laws of 1955 and to chapter 32.08 RCW a new section to read as follows:

The legislature finds that state of Washington needs investment of funds from out of state and from investors in the state of Washington to keep money for real estate and other forms of financing reasonably available for the needs of Washington citizens. Many innovations have taken place in the last several years to aid in the sale of loans or portions thereof to others including the sale of mortgage passthrough certificates, mortgage backed bonds, participation sales with varying rates, terms or priorities to various participants and the like. As the marketing of such investments continues, further innovations can be expected. It will benefit the state if mutual savings banks subject to the laws of this state have the broadest powers possible commensurate with their safety and soundness to take part in such activities. It is the purpose of sections 12 and 13 of this act to grant a broad power.

NEW SECTION. Sec. 12. There is added to chapter 13, Laws of 1955 and to chapter 32.08 RCW a new section to read as follows:

Any mutual savings bank may through any device sell, purchase, exchange, issue evidence of a sale or exchange of, or in any manner deal in any form of sale or exchange of, loans or any interest therein including but not being limited to mortgage passthrough issues, mortgage backed bond issues, and loan participations and may purchase a subordinated portion thereof, issue letters of credit to insure against losses on a portion thereof, agree to repurchase all or a portion thereof, guarantee all or a portion of the payments thereof, and without any implied limitation by the foregoing or otherwise, do any and all things necessary or convenient to take part in or effectuate any loan sales or exchanges by a mutual savings bank itself or by a subsidiary thereof.

NEW SECTION. Sec. 13. There is added to chapter 13, Laws of 1955 and to chapter 32.08 RCW a new section to read as follows:

Any mutual savings bank engaging in any activity contemplated in section 12 of this act, whereby it holds or purchases subordinated securities, issues letters of credit to secure a portion of any sale or issue of loans sold or exchanged, or in any manner acts as a partial guarantor or insurer or

repurchaser of any loans sold or exchanged, shall do so only in accordance with such reasonable restrictions and requirements as the supervisor of banking shall require and shall report and carry such transactions on its books and records in such manner as the supervisor shall require. In establishing any requirements and restrictions hereunder, the supervisor shall consider the effect the transaction and the reporting thereof will have on the safety and soundness of the mutual savings bank engaging in it.

NEW SECTION. Sec. 14. 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 loans secured by real estate or on the security of mobile homes or other movable buildings or any interest or estate in any of the foregoing. Such loans may be on such terms and conditions and subject to such limitations and restrictions as the board of trustees shall from time to time establish.

NEW SECTION. Sec. 15. There is added to chapter 13, Laws of 1955 and to chapter 32.20 RCW a new section to read as follows:

In addition to all other investments and loans authorized for mutual savings banks in this state, a mutual savings bank may invest not more than twenty percent of its funds in secured or unsecured loans on such terms and conditions as the bank may determine.

NEW SECTION. Sec. 16. The following acts or parts of acts are each repealed:

- (1) Section 15, chapter 176, Laws of 1963 and RCW 32.20.235;
- (2) Section 32.20.250, chapter 13, Laws of 1955, section 5, chapter 80, Laws of 1955, section 4, chapter 41, Laws of 1959, section 4, chapter 80, Laws of 1961, section 7, chapter 176, Laws of 1963, section 6, chapter 145, Laws of 1967, section 6, chapter 55, Laws of 1969, section 3, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.250;
- (3) Section 16, chapter 55, Laws of 1969, section 8, chapter 222, Laws of 1971 ex. sess., section 4, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.255;
- (4) Section 32.20.260, chapter 13, Laws of 1955, section 5, chapter 80, Laws of 1961, section 8, chapter 176, Laws of 1963 and RCW 32.20.260;
- (5) Section 32.20.270, chapter 13, Laws of 1955, section 5, chapter 41, Laws of 1959, section 6, chapter 80, Laws of 1961, section 9, chapter 176, Laws of 1963, section 7, chapter 145, Laws of 1967, section 5, chapter 222, Laws of 1971 ex. sess. and RCW 32.20.270;
- (6) Section 32.20.275, chapter 13, Laws of 1955, section 7, chapter 80, Laws of 1961 and RCW 32.20.275;
- (7) Section 11, chapter 145, Laws of 1967, section 11, chapter 55, Laws of 1969, section 8, chapter 104, Laws of 1977 ex. sess. and RCW 32.20.420; and

(8) Section 5, chapter 31, Laws of 1973 1st ex. sess. and RCW 32.20.490.

NEW SECTION. Sec. 17. 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 March 9, 1981.

Passed the House April 15, 1981.

Approved by the Governor May 8, 1981.

Filed in Office of Secretary of State May 8, 1981.

CHAPTER 87

[Engrossed Senate Bill No. 3536]

SAVINGS AND LOAN ASSOCIATIONS—FEDERAL PARITY

AN ACT Relating to savings and loan associations; adding new sections to chapter 33.12 RCW; repealing section 8, chapter 257, Laws of 1947 and RCW 33.24.190; and declaring an emergency.

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

NEW SECTION. Section 1. There is added to chapter 33.12 RCW a new section to read as follows:

Notwithstanding any other provision of law, a savings and loan association may exercise any of the powers conferred as of the effective date of this act upon a federal savings and loan association doing business in this state.

NEW SECTION. Sec. 2. There is added to chapter 33.12 RCW a new section to read as follows:

Notwithstanding any other provision of law, the supervisor may make reasonable rules authorizing a savings and loan association to exercise any of the powers conferred at the time of the adoption of the rules upon a federal savings and loan association doing business in this state, or may modify or reduce reserve or other requirements if an association is insured by federal savings and loan insurance corporation, if the supervisor finds that the exercise of the power:

(1) Serves the convenience and advantage of depositors and borrowers; and

(2) Maintains the fairness of competition and parity between state-chartered savings and loan associations and federally-chartered savings and loan associations.

NEW SECTION. Sec. 3. Section 8, chapter 257, Laws of 1947 and RCW 33.24.190 are each repealed.

NEW SECTION. Sec. 4. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state