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## Commercial Law

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## COMMERCIAL LAW

**Mutual Savings Banks.** Several changes as to mutual savings banks have been made by chapter 80 of the session laws of 1961.<sup>1</sup> The maximum amount of deposits, dividends and interest permitted any depositor in the same capacity has been increased again, from \$15,000 to \$25,000.<sup>2</sup> This maximum amount may be increased by crediting additional dividends or interest to the account. The eight categories of deposits which are not in the same capacity remain the same as before.<sup>3</sup>

In certain types of accounts, such as vacation plan accounts or retirement plan accounts, the use of a passbook may be dispensed with, but separate ledger cards must be kept for such accounts for the purpose of entering deposits, withdrawals and interest.<sup>4</sup> Interest must be paid at least annually on the anniversary dates of accounts separately classified for this purpose.<sup>5</sup>

The maximum amount of its funds which a mutual savings bank may invest in loans secured by first mortgages on real estate is increased from seventy to seventy-five per cent. It may now loan a maximum of seventy-five per cent of the value of real estate, including improvements. Formerly, in the case of a single family occupancy detached dwelling occupied by the owner and not more than two years old, the maximum loan permitted was seventy-five per cent of the first twenty thousand dollars of value and fifty per cent of the remainder.<sup>6</sup> It is now provided that a mortgage loan in excess of fifty per cent of value on one to four family residential property may require that the principal and interest payments shall be such as will repay the loan in full in not more than twenty-five years and continuing until the loan is reduced to fifty per cent or less of the value of the security.<sup>7</sup> As before, mortgage loans on other property in excess of fifty per cent of value must by their terms provide principal and interest payments which will repay the loan in no longer than twenty years.

There are a number of changes and deletions with regard to the investment of mutual savings bank funds in loans secured by first

<sup>1</sup> Wash. Sess. Laws 1961, ch. 80.

<sup>2</sup> The amount was increased from \$10,000 to \$15,000 in 1959. See 34 WASH. L. REV. 297 (1959).

<sup>3</sup> RCW 32.12.010.

<sup>4</sup> Wash. Sess. Laws 1961, ch. 80, § 2(5).

<sup>5</sup> Wash. Sess. Laws 1961, ch. 80, § 3(4)(b).

<sup>6</sup> Wash. Sess. Laws 1961, ch. 80, § 4.

<sup>7</sup> *Ibid.*

mortgages upon leasehold estates in improved property, only a few of which will be noted here. The leasehold estate no longer has to be an interest in real estate in a city with a population of more than one hundred thousand. The maximum period for such loan upon a leasehold interest in real estate is increased from ten to twenty years. The loan terms must now require payments which will extinguish the debt at least five years prior to the expiration date of the lease, rather than ten years as was formerly required. A loan may not be for more than two-thirds of the value of the leasehold estate and it may be made on a leasehold estate to be improved by a building which is to be constructed with the proceeds of the loan. The maximum amount which a mutual savings bank may invest in real estate contracts and mortgages and mortgages upon leasehold estates is increased from seventy to seventy-five per cent of its funds.<sup>8</sup>

ROBERT L. TAYLOR

### CORPORATIONS

**Fiduciary Security Transfers.** The 1961 legislature added an act with the elaborate title, UNIFORM ACT FOR SIMPLIFICATION OF FIDUCIARY TRANSFERS, to Washington's catalogue of uniform legislation.<sup>1</sup> The new act repeals and replaces a two-section act adopted in 1947.<sup>2</sup>

The fundamental purpose of the act is to protect corporations, their transfer agents and other persons concerned with the handling of transfers of corporate securities from the claims of persons challenging the right of a fiduciary to transfer such securities. In the absence of legislation, the corporation and others participating in the transfer of shares are put on inquiry as to the right of a known fiduciary to make the transfer. The result is that the fiduciary has traditionally been required to produce proof establishing his right to transfer. Such proof usually consists of the basic documents establishing the fiduciary relationship, such as wills, trust instruments or court appointments. If these basic documents alone do not completely demonstrate the right to transfer, additional supplementary documents such as record of qualification and special court orders for the particular transaction may be required.

The former Washington statute<sup>3</sup> simply provided that there was no duty to inquire into the authority of the fiduciary. The corporation

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<sup>8</sup> Wash. Sess. Laws 1961, ch. 80, § 6.

<sup>1</sup> Wash. Sess. Laws 1961, ch. 150.

<sup>2</sup> RCW 21.16.010-020.

<sup>3</sup> *Ibid.*