

Discharge  
of sewage.

sewage from all or any part or parts of such other city, town or sewer district upon such terms and conditions and for such periods of time as may be deemed reasonable.

Construction,  
operation or  
maintenance  
for joint  
use.

Any city, town or organized and established sewer district may contract with any other city, town or organized and established sewer district for the construction and or operation of any sewer or sewage disposal facilities for the joint use and benefit of the contracting parties upon such terms and conditions and for such period of time as the governing bodies of the contracting parties may determine. Any such contract may provide that the responsibility for the management of the construction and or maintenance and operation of any sewer disposal facilities or part thereof covered by such contract shall be vested solely in one of the contracting parties, with the other party or parties thereto paying to the managing party such portion of the expenses thereof as shall be agreed upon.

Passed the Senate March 9, 1947.

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CHAPTER 213.

[ S. B. 163. ]

CREDIT UNIONS.

AN ACT relating to Credit Unions; and amending sections 9, 20, 22, 23 and 26, chapter 173, Laws of 1933, as amended (secs. 3923-9, -20, -22, -23, and -26, Rem. Rev. Stat.; secs. 455-17, -39, -43, -45, and -51, PPC).

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

SECTION 1. Section 9, chapter 173, Laws of 1933, as last amended by section 8, chapter 131, Laws of 1943 (sec. 3923-9, Rem. Rev. Stat.; sec. 455-17, PPC) is amended to read as follows:

Section 9. The capital of a Credit Union shall be unlimited in amount. Shares of capital stock may be subscribed and paid for in such manner as the by-laws shall prescribe. A shareholder may purchase shares in a Credit Union and may also make deposits in such Credit Union to an amount in the aggregate not exceeding one hundred dollars (\$100) or ten per cent (10%) of the total shares and deposits of the Credit Union, whichever is the greater. A Credit Union may require from a member ninety days' notice of his intention to withdraw any or all of his shares and sixty days' notice of intention to withdraw any or all of his deposits, except that said notice of withdrawal of shares or deposits may be extended beyond the time limits herein indicated with the written consent of the Supervisor.

Capital.

Shares.

Shareholders.

Notice of intention to withdraw.

SEC. 2. Section 20, chapter 173, Laws of 1933, as last amended by section 4, chapter 65, Laws of 1939 (sec. 3923-20, Rem. Rev. Stat.; sec. 455-39, PPC) is amended to read as follows:

Section 20. The capital, deposits and surplus of a Credit Union shall be invested in loans to members, with the approval of the Credit Committee, as provided in the following section, and also when required herein, of the Board of Directors, and any capital, deposits or surplus funds in excess of the amount for which loans may be approved by the Credit Committee and the Board of Directors, may be deposited in banks or trust companies or in state or national banks located in this state, or invested in any bonds or securities or other investments which are at the time legal investments for savings and loan associations in this state, except first mortgage real estate loans, or in the shares of other Credit Union or savings and loan associations organized under the laws of this state or the Federal government. No Credit Union shall carry on a banking business or carry any demand, commercial or check-

Investments.

Deposits.

Banking business prohibited.

Cash or  
bank  
balances.

ing accounts, nor issue any time or demand certificates of deposits. At least five per cent of the total assets of a Credit Union shall be carried as cash on hand or as balances due from banks and trust companies, or invested in the bonds or notes of the United States, or of any state, or subdivision thereof, which are legal investments for savings and loan associations as above provided. Whenever the afore-said ratio falls below five per cent, no further loans shall be made until the ratio as herein provided has been re-established. Investments other than personal loans shall be made only with the approval of the Board of Directors.

SEC. 3. Section 22, chapter 173, Laws of 1933 (sec. 3923-22, Rem. Rev. Stat.; sec. 455-43, PPC) is amended to read as follows:

Applications  
for loans.

Section 22. All applications for loans shall be made in writing and shall state the purpose for which the loan is desired and the security, if any, offered.

SEC. 4. Section 23, chapter 173, Laws of 1933, as last amended by section 18, chapter 131, Laws of 1943 (sec. 3923-23, Rem. Rev. Stat.; sec. 455-45, PPC) is amended to read as follows:

Loans which  
may be  
made.

Section 23. A Credit Union may make loans of the following classes to its members:

(1) Personal loans secured by the note of the borrower; and

(2) Loans secured by mortgages of real estate situated within the state.

(3) Loans may be made to other Credit Unions upon a favorable two-thirds ( $\frac{2}{3}$ ) majority vote of the Board of Directors.

Personal loans shall be given the preference and in the event there are not sufficient funds available to satisfy all loan applicants approved by the Credit Committee, preference shall be given to the smaller loan. Each personal loan shall be payable within

one year from date thereof and shall be paid or renewed on or before such date: *Provided*, That loans with satisfactory collateral security pledged to secure the same may be made payable within three years and shall be paid or renewed on or before that date. Each endorser of a note given as security for a personal loan shall be a resident of the state at the time the loan is made, unless such indorser is a member of the Credit Union, and if such indorser shall leave the state a new resident indorser must be immediately provided or the loan shall be at once collectible.

Loans to any one member shall not exceed five thousand dollars (\$5,000) without the permission of the Supervisor and shall be limited as follows: Amounts limited.

(1a) To an amount not exceeding three hundred dollars (\$300), if secured by the unindorsed or unsecured note of the borrower;

(2a) To an amount not exceeding five hundred dollars (\$500), if secured by the note of the borrower with one or more responsible indorsers thereon, or with collateral pledged to secure the same;

To an amount not exceeding one thousand dollars (\$1,000), if secured by the note of the borrower with two or more responsible indorsers thereon or with collateral pledged to secure the same;

Loans in excess of one thousand dollars (\$1,000) must be secured by collateral satisfactory to the credit committee;

Collateral pledged to secure a loan must have a market value at least twenty-five per cent (25%) more than the portion of the loan requiring security;

(3a) To an amount not exceeding three hundred dollars (\$300) in excess of the value of the shares and deposits of the borrower in the Credit Union, if secured by the note of the borrower and by the assignment of said shares and deposits;

No borrower shall have an aggregate liability to the Credit Union in excess of one hundred dollars

or ten per cent (10%) of the assets of the Credit Union, whichever is greater, subject however, to other restrictions in this section.

For the purposes of this section a valid assignment of wages may be accepted as satisfactory collateral for a loan but not in excess of two months' salary of the borrower.

Loan restrictions on real estate mortgage security.

The total amount which a Credit Union may lend on the security of mortgages on real estate shall not exceed fifteen per cent (15%) of the assets of the Credit Union. All loans secured by mortgages on real estate shall be subject to the following restrictions:

(1b) The total amount of all mortgages and liens on any real estate to be mortgaged to a Credit Union shall not exceed sixty per cent (60%) of the value of the property as determined by the Credit Committee. All taxes and assessments must be paid currently, and all such loans must be amortized by weekly, semi-monthly or monthly payments, which payments shall be at the rate of not less than ten per cent (10%) per annum of the original principal.

SEC. 5. Section 26, chapter 173, Laws of 1933, as last amended by section 20, chapter 131, Laws of 1943 (sec. 3923-26, Rem. Rev. Stat.; sec. 455-51, PPC) is amended to read as follows:

Reports to Supervisor.

Section 26. Within thirty days after the first business day of January and July in each year, the Auditing Committee of each Credit Union shall make to the Supervisor a report in such form as he may prescribe, and shall make oath that the report is true and correct. Any Credit Union neglecting to make said report within the time herein prescribed and such other requested reports within thirty (30) days after notification shall forfeit to the state one dollar (\$1) for each day during which neglect continues. The penalty for any single delinquency shall not exceed twenty-five dollars (\$25).

Failure to report.

Penalty.

The Supervisor shall make or cause to be made an examination and full investigation into the affairs of each Credit Union at least once each calendar year. The actual cost of examination and supervision shall be paid by the Credit Union examined: *Provided*, That the Supervisor may accept in lieu of an examination the report of any competent accountant, satisfactory to the Supervisor, who has made and submitted a report of the condition of the affairs of such Credit Union, and if approved, shall have the same force and effect as though the examination were made by the Supervisor or one of his appointees.

Examination  
by Super-  
visor.

Expense.

Lieu report  
of ac-  
countant.

If it is found that the capital of a Credit Union be impaired or that business is being conducted contrary to law the Supervisor may require said Credit Union to suspend operations until such condition is corrected.

Impairment  
of capital.

Any communications from the Supervisor to the Board of Directors must be read before said Board at its next meeting and the reading noted in the minutes of the meeting.

Communica-  
tions of  
Supervisor.

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