as any person, firm, association or corporation, and any private institution which receives for control, care and maintenance more than two (2) children under eighteen (18) years of age, but not counting, in the case of an individual, children related to such persons or under guardianship. This term shall not apply to any boarding school which is essentially and primarily engaged in educational work.

The term "neglected," "dependent" and "delinquent" children shall be construed in the common and accepted sense given them in ordinary usage, including the definitions set forth in the juvenile court act of this state.

Sec. 8. Sections 2, 3, 4, 5, 6 and 7 of this act shall be numbered and designated as sections 44a, 44b, 44c, 44d, 44e, and 44f, respectively of chapter 7 of the Session Laws of 1921.

Passed the House March 2, 1933.
Passed the Senate March 7, 1933.
Approved by the Governor March 20, 1933.

CHAPTER 173.

[C. B. 240.] CREDIT UNIONS.

An act to provide for the organization, incorporation, operation, supervision, dissolution and/or merger of cooperative savings and credit associations to be termed "Credit Unions" and to define their powers, duties, privileges and scope of undertakings, including penalties for the violation of any provisions.

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

Section 1. A corporation organized under this act shall include in its corporate name the words "credit union." Other distinguishing words may be used. The words "credit union" shall mean a corporation organized under this act. No person,
partnership or association, and no corporation except one incorporated under this act, shall hereafter receive payment on shares or deposits from its members, or loan such payment on shares or deposits in the manner provided by this act, or transact business under any name or title containing the words "credit union," without full compliance with the provisions of this act. Nothing herein contained shall be construed as repealing, amending or in any wise modifying or affecting laws of this state relating to savings and loan associations or societies. A credit union is hereby declared to be a cooperative society incorporated for the two-fold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident, productive and educational purposes.

Sec. 2. Seven or more persons resident in this state may apply to the director of efficiency, who shall have and is hereby given authority to grant permission to organize a credit union and become such a corporation upon complying with the provisions of this act. A credit union shall organize and commence business within six months from the date of its incorporation, otherwise its charter shall become void.

Sec. 3. A credit union shall be organized in the following manner:

The applicants shall execute in quadruplicate articles of incorporation and by-laws by the terms of which they agree to be bound, which shall be submitted to and approved by the director of efficiency.

The articles of incorporation shall state:

(1) The name and location of the proposed credit union;

(2) The number of its directors, which shall not be less than seven nor more than fifteen;
The names, occupation and post office address of the subscribers to the articles of incorporation, and a statement of the number of shares which each has agreed to take; and

(4) The par value of the shares of the credit union, which shall be five dollars.

When articles of incorporation complying with the foregoing requirements, together with duplicate copies of such by-laws, have been filed with the director of efficiency, he shall ascertain whether such articles of incorporation and by-laws of such credit union are consistent with the purposes of this act and whether the character, responsibility and general fitness of the persons named in such articles are such as to command confidence and warrant belief that the purpose of the proposed credit union will be honestly and efficiently conducted in accordance with the purpose of this act, and whether the proposed credit union is being formed for other than the legitimate objects covered by this act. After the director of efficiency shall have satisfied himself of the above facts, and within thirty days after receipt of such certificates and by-laws, he shall endorse upon each of the articles of incorporation his official signature with the word "approved" or the word "refused" with the date thereof. In case of refusal, he shall return one of the quadruplicate certificates so endorsed with a copy of the by-laws to the persons from whom the same were received, which refusal shall be conclusive unless the incorporators, within ten days of the issuance of such notice of refusal, shall appeal to the superior court of the county in which the credit union is proposed to be located. In case an appeal is taken the director of efficiency shall prepare, certify and deliver to such credit union a copy of the order of refusal with any documents filed by the applicant, and upon such transcript of proceedings, with any testimony that
may be offered by either party, the case shall be tried in the superior court to which the appeal is taken, which shall be heard in the nature of a writ of review and summarily disposed of by the superior court upon such orders and proceedings as the judge may deem best and a judgment rendered, from which an appeal may be taken by either party to the supreme court; all conditioned that the appellant, upon taking the appeal, shall pay the reasonable charges for a transcript of the proceedings. In case of approval of the proposed corporation, the director of efficiency shall give notice thereof to the proposed incorporators, and shall file one of the quadruplicate articles of incorporation in his own office, and shall transmit another quadruplicate copy to the secretary of state, and shall return two quadruplicate copies and one of the duplicate by-laws to the incorporators. The incorporators shall file one of the quadruplicate copies with the county auditor of the county in which such credit union is to be located, with a filing fee of twenty-five cents.

Upon receipt from the proposed incorporators of a filing fee of five dollars the secretary of state shall file and record the articles of incorporation. Upon the filing of articles of incorporation, approved as aforesaid by the director of efficiency, with the secretary of state and county auditor, all persons named therein and their successors shall become and be a corporation, which shall have the powers and be subject to the duties and obligations prescribed by this act, and whose existence shall continue for the period not exceeding fifty years. In order to simplify the organization of credit unions the director of efficiency shall cause forms of articles of incorporation and by-laws to be prepared consistent with the provisions of this act, and upon written application of any seven residents of this state shall supply
them without charge with blank form of articles of incorporation and form of suggested by-laws.

Sec. 4. Credit union membership shall consist of the incorporators and such other persons as may be elected to membership and subscribe for at least one share and pay the initial installment thereon and the entrance fee. Any fraternal organization, partnership or corporation having a usual place of business within the state and composed principally of individual members or stockholders who are themselves eligible to membership in a credit union, may become a member of a credit union, but, except with the consent of the director of efficiency, the credit union shall make no loan to such a member in excess of the total of its shares and deposits therein; nor shall a credit union receive from any such member money in payment for shares or on deposit to such an amount that the total of such payments by all members of the class described in this section shall exceed at any time twenty-five per cent of the assets of the credit union. Credit union organization shall be limited to groups of both large and small membership having a common bond of occupation or association; or to groups within a well defined neighborhood, community or rural district.

Activities.

Sec. 5. Subject to the provisions of section four, a credit union may receive savings from its members in payment for shares or on deposit, or may lend to its members at reasonable rates, or invest, as hereinafter provided, the funds so accumulated. It may undertake such other activities relating to the purpose of its organization as its articles of incorporation may provide.

By-laws.

Sec. 6. The persons proposing to organize the credit union shall prepare and adopt by-laws governing the affairs of the credit union; and such by-laws shall not be inconsistent with the provisions of
this act, and shall constitute the by-laws of the credit union until altered or amended in accordance with the provisions of this act, and shall provide for and determine:

(1) The name of the corporation;
(2) The purpose for which it is formed;
(3) The conditions on which shares may be paid in, transferred and withdrawn;
(4) The conditions on which deposits may be received and withdrawn;
(5) The method of receipting for money paid on account of shares or deposits or repaid on loans;
(6) The number of directors and the number of members of the credit committee;
(7) The time of holding regular meetings of the board of directors, the credit committee and the auditing committee;
(8) The duties of the several officers;
(9) The entrance fee, if any, to be charged;
(10) The fines, if any, to be charged for failure to meet obligations to the corporation punctually;
(11) The date of the annual meeting and the manner in which members shall be notified of all meetings;
(12) The number of members who shall constitute a quorum; and
(13) Such other regulations as may be deemed necessary.

Sec. 7. Subject to section eight the by-laws may be amended at any annual meeting or at a special meeting called for the purpose, by a three-fourths vote of all the members present and entitled to vote: Provided, That a copy of the proposed amendment, together with a written notice of the meeting, shall have been sent to each member to his last known post office address, or handed to him in person, at least seven days before the meeting.
Sec. 8. No credit union shall receive any deposits or payments on account of shares, or make any loans, until its by-laws have been approved by the director of efficiency, nor shall any amendments become operative until they have been so approved.

Sec. 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 and hold not exceeding two hundred shares in a credit union and may also make deposits in such credit union to an amount not exceeding one thousand dollars, which deposits, together with the addition of interest thereon and dividends on shares, may accumulate to an amount not exceeding fifteen hundred dollars: Provided, (a) That the total amount of shares and deposits held by any one member in any one credit union, including the aforesaid accumulations, shall not, exclusive of undrawn dividends and interest, exceed two thousand dollars in the aggregate; and (b) That in the event the by-laws of a credit union do not provide for the receipt of deposits, a shareholder may purchase not exceeding four hundred shares in such credit union. 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 director of efficiency.

Sec. 10. Shares may be issued and deposits received in the name of a minor, and such shares and deposits may, in the discretion of the directors, be withdrawn by such minor or by his parent or guardian, and in either case payments made on such withdrawals shall be valid and shall release the corporation from liability to the minor, parent or guardian
in respect of such share and deposits. A minor under eighteen shall not have the right to vote.

Sec. 11. The fiscal year of every credit union shall end at the close of business on the last business day of December.

Sec. 12. The annual meeting of the corporation shall be held at such time and place as the by-laws may prescribe, but not later than thirty days after the close of the fiscal year. Special meetings may be called at any time by a majority of the directors and shall be called by the secretary upon written application of ten or more members entitled to vote. Notice of all meetings of the corporation and of all meetings of the board of directors and of committees shall be given in the manner provided in the by-laws. No member shall be entitled to vote by proxy or have more than one vote, and, after a credit union has been incorporated for one year, no member thereof shall be entitled to vote until he has been a member for three months. A fraternal organization, voluntary association, partnership or corporation having a membership in a credit union may cast one vote at any of its meetings by a duly delegated agent. The members at each annual meeting shall fix the maximum amount to be loaned to any one member.

Sec. 13. The business and affairs of a credit union shall be managed by a board of not less than seven directors. The directors shall be elected at the annual meetings. All members of the said board, as well as the officers, whom they may elect, shall be sworn to the faithful performance of their duties and shall hold their several offices unless sooner removed as hereinafter provided, until their successors are qualified. A record of every such qualification shall be filed and preserved with the records of the corporation. Directors shall be elected for
not less than one nor more than three years, as the by-laws shall provide. If the term is more than one year, they shall be divided into classes, and an equal number, as nearly as may be, elected each year. If a director ceases to be a member of the credit union, his office shall thereupon become vacant.

SEC. 14. The directors at their first meeting after the annual meeting shall elect from their own number a president, one or more vice presidents, a secretary, a treasurer, a credit committee of not less than three members, an auditing committee of three members, and such other officers as may be necessary for the transaction of the business of the credit union, who shall be the officers of the corporation and who shall hold office until their successors are elected and qualified, unless sooner removed as hereinafter provided, but the members of the credit committee and the auditing committee may be selected from members of the association other than board members. The offices of secretary and treasurer may be held by the same person. No member of the said board of directors shall be a member of both the credit and auditing committee unless the number of members of the credit union is less than eleven. Each officer handling funds of the credit union shall give bond to the directors in such amount and with such surety or sureties and conditions as the director of efficiency may prescribe, and shall file with him an attested copy thereof, with a certificate of its custodian that the original is in his possession.

SEC. 15. The board of directors shall have the general direction of the affairs of the corporation and shall meet as often as may be necessary, but not less than once in each month. It shall act upon all applications for membership and upon the expulsion of members, determine the rate of interest on loans
subject to the limitations contained in this act, determine the rate of interest to be paid on deposits which shall not, however, exceed six per cent per annum, and shall fill vacancies in the board of directors, and committees, until the next election. It shall make recommendations to the members of the credit union relative to the maximum amount to be loaned to any one member, the need of amendments to the by-laws and other matters upon which, in its opinion, the members should act at any regular or special meeting. At each annual or semi-annual period the board may declare a dividend from net earnings, which shall be paid on all shares outstanding at the time of declaration. Shares which become paid up during the year shall be entitled to a proportional part of said dividend calculated from the first day of the month following such payment in full. The board of directors, with the approval of the director of efficiency, may borrow money for and in behalf of the credit union, for the purpose of making loans, paying debts or withdrawals. It may by a two-thirds vote remove from office any officer or any member of any committee for cause.

Sec. 16. The auditing committee shall keep fully informed at all times as to the financial condition of the credit union, shall examine carefully the cash and accounts of the credit union monthly, shall certify the monthly statements submitted by the treasurer, shall make a thorough audit of the books, including income and expense, semi-annually, shall report to the board of directors its finding, together with its recommendations, shall under regulations prescribed by the director of efficiency, cause to be verified the pass books of the credit union, according to such regulations, shall hold meetings at least once a month and keep records thereof, and shall make an annual report at the annual meeting.
Sec. 17. No member of the board of directors shall receive any compensation for his services as a member of the said board or as a member of any committee, nor shall any member of the said board borrow from the corporation to an amount in excess of his shares and deposits in said credit union and the accumulated earnings standing to his credit on the books of the corporation, nor may he become endorser, surety or co-maker for any loan made by such credit union: Provided, however, That loans may be made to directors when secured by negotiable paper as collateral in which mutual savings banks may invest as described and set forth in chapter 74 of the Laws of 1929, approved March 4, 1929.

The officers elected by the board may receive such compensation as it may authorize, subject to the approval of the members at the next meeting or at a special meeting called for the purpose.

Sec. 18. Before the payment of any dividend there shall be set apart as a guaranty fund not less than twenty per cent of the net income which has accumulated during the next preceding dividend period, except as hereinafter provided, until such time as said guaranty fund shall equal fifteen per cent of the assets of the said credit union, and thereafter there shall be added to the guaranty fund at the end of each such period such percentage of the net income which has accumulated during that period as will result in maintaining such guaranty fund at such amount. All entrance fees shall be added to the guaranty fund at the close of the dividend period, and shall never exceed twenty-five (25c) cents for each member. Said guaranty fund and the investments thereof shall be held to meet contingencies or losses in the business of the credit union, and shall not be distributed to its members, except in case of dissolution.
Sec. 19. If the losses and bad debts of a credit union at the end of any dividend period exceed twenty per cent of the guaranty fund, including in said period the amount required by law to be contributed at the end of that period to said fund, there shall thereafter be maintained a reserve fund which shall, before the payment of a dividend, be made equal, by payment from the earnings of that period, to the amount by which the losses and bad debts at the end of that period exceed twenty per cent of the guaranty fund, including the aforesaid contribution for that period: Provided, That the excess in any subsequent period over the amount required to be maintained for that period as a reserve fund may be transferred from such fund and made available for the payment of dividends. All debts due to any credit union on which interest or partial payments on the principal are due and unpaid for a period of six months, unless the same are well secured and in process of collection, shall be considered bad debts within the meaning of this section: Provided, That, within the meaning of this section, a loan to be in process of collection must be in the hands of an attorney for that purpose, or must be in process of reduction by payments being made by the maker or the co-makers in amounts satisfactory to the board of directors, even though such payments may be less in amount than the payments indicated by the terms of the note.

Sec. 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. No credit union shall carry on a banking business or carry any demand, commercial or checking 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 aforesaid ratio falls below five per cent, no further loans shall be made until the ratio as herein provided has been reestablished. Investments other than personal loans shall be made only with the approval of the board of directors.

SEC. 21. The credit committee shall:

(1) Hold meetings at least once a month;

(2) Act on all applications for loans;

(3) Approve in writing all personal loans granted and the security, if any, pledged therefor; and

(4) Submit to the board of directors all applications for loans other than personal loans, with their recommendation thereon.

No personal loan shall be made unless all of the members of the credit committee who are present when the application is considered, which number shall constitute at least two-thirds of the members of said committee, approve said loan. No loan shall be granted unless the members of said committee are satisfied that the loan promises to be of benefit to the borrower.
Sec. 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. The form of application for a loan to be secured by second mortgage on real estate shall contain the date, name of applicant, name of husband or wife of applicant, if any, amount of loan desired, assessed value of real estate in question, the date, terms and balance due on first mortgage, a description of the real estate and the income therefrom, and such other information as the credit committee may require.

Sec. 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 second mortgages of real estate situated within the state.

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 the date thereof and shall be paid or renewed on or before such date. Each indorser 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.

Each personal loan shall be limited as follows:

(1a) To an amount not exceeding fifty dollars, if secured by the unindorsed or unsecured note of the borrower;

(2a) To an amount not exceeding three hundred dollars, if secured by the note of the borrower with one or more responsible indorsers thereon, or with satisfactory collateral security pledged to
secure the same, or if secured by the joint and several note of two or more members;

(3 a) To an amount not exceeding one thousand dollars, if secured by the note of the borrower with two or more responsible indorsers thereon, or with satisfactory collateral security pledged to secure the same, or if secured by the joint and several note of three or more members;

(4 a) To an amount not exceeding fifteen hundred dollars, if secured by the note of the borrower with two or more responsible indorsers thereon, or by a joint and several note of three or more members, and, in either case, with collateral valued at not more than eighty per cent of its market value, pledged fully to secure the same;

(5 a) To an amount not exceeding two thousand dollars, if secured by the note of the borrower and with sufficient collateral pledged to secure the same made up of bonds or notes of the United States, or of any state or subdivision thereof, which are legal investments for savings and loan associations in this state valued at not more than eighty per cent of their market value, or by the assignment of the pass book of a stockholder in a savings bank or a book showing payments on stock to a savings and loan association doing business in this state or in the savings department of any bank or trust company doing business in this state, or the book of a stockholder in a savings and loan association incorporated under the laws of this state; and

(6 a) To an amount not exceeding 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.

For the purposes of this section a valid assignment of wages may be received as satisfactory collateral for any loan not in excess of two hundred and fifty dollars. The total amount which a credit
union may invest in second mortgages on real estate shall not exceed twenty-five per cent of the aggregate amount of shares, deposits and guaranty fund. All loans secured by second mortgages on real estate shall be subject to the following restrictions:

(1 b) The total liability of any member upon loans of this class shall not exceed five per cent of the assets of the credit union, nor shall it exceed two thousand dollars; and

(2 b) The aggregate of all loans secured by mortgages of real estate outstanding, together with the loan to be secured by second mortgage, shall not exceed sixty per cent of the value of the property mortgaged, as determined by the credit committee, and all delinquent taxes and assessments must be paid, and all such loans must be amortized by weekly or monthly payments which payments shall be at the rate of not less than ten per cent per annum of the principal.

Sec. 24. Any corporation formed under this act, may sell, assign, transfer, convey and/or deliver to any intermediate credit bank, or agricultural credit corporation, formed under the laws of the United States, or any similar organization, any part of its securities, as may be determined by its board of directors, with or without guaranty and upon such terms and conditions as may be agreed upon between the credit union and such corporations, notwithstanding anything in this act contained to the contrary.

Sec. 25. Dividends may be declared only from the earnings which remain after the deduction of all expenses, interest on deposits and the amounts required to be set apart to the guaranty fund and to the reserve fund, or such dividend may be declared in whole or in part from the undivided earnings of preceding years remaining after the aforesaid deductions for said years. Dividends due to a mem-

Mortgages: restrictions of.
ber shall, at his election, be paid to him in cash or be credited to his account in either shares or deposits. No dividend exceeding eight per cent per annum shall be paid, but surplus earnings may be distributed to the borrowers as a patronage dividend ratably in proportion to interest paid by them.

Sec. 26. Within twenty days after the first business day of January and July in each year, the auditing committee of every credit union shall make to the director of efficiency 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 shall forfeit to the state five dollars for each day during which neglect continues.

The director of efficiency shall make or cause to be made an examination and full investigation at least once a year into the affairs of each credit union, but not until after twelve months of operation. The actual cost of examination and supervision shall be paid by the credit union examined: Provided, That the director of efficiency may accept in lieu of an examination the report of any competent accountant, satisfactory to the director of efficiency, who has made and submitted a report of the condition of the affairs of such credit union, and if approved, it shall have the same force and effect as though the examination were made by the director of efficiency or one of his appointees.

Sec. 27. The expenses of a credit union shall be paid from its earnings. No credit union shall pay or become liable to pay in any calendar year as salaries, fees, wages or other compensations to officers, directors, agents, attorneys, clerks and employees and for rent, advertising and all other operating expenses sums of money, the aggregate of which shall exceed two and one-half (2½) per cent of the average amount of assets of such union.
during such year: *Provided*, That any credit union shall not thereby be limited in its expenditures to a sum less than three hundred dollars in any calendar year. No credit union shall pay any fee, commission or other compensation, directly or indirectly, to any person for soliciting the purchase of or selling its shares of stock or for soliciting loans or deposits.

**Sec. 28.** Any person who shall knowingly subscribe to or make or cause to be made any false statement or false entry in the books of any credit union, or who shall knowingly make any false statement or entry in any report required to be made to the director of efficiency, or who shall knowingly exhibit any false or fictitious paper, instrument or security to any person authorized to examine such institution, shall be guilty of a felony.

**Sec. 29.** The board of directors may expel from a credit union any member who has not carried out his engagements with it, or who has been convicted of a criminal offense, or who neglects or refuses to comply with the provisions of this act or of the by-laws of the credit union, or whose private life is a source of scandal, or who habitually neglects to pay his debts, or who becomes insolvent or bankrupt, who has deceived the corporation or any committee thereof with regard to the use of borrowed money; but no member shall be so expelled until he has been informed in writing of the charges against him, and an opportunity has been given him, after reasonable notice, to be heard thereon. The amounts paid in on shares or deposited by members who have withdrawn or have been expelled shall be paid to them, in the order of withdrawal or expulsion, but only as funds thereafter become available and after deducting any amounts due from such members to the credit union. Such expulsion shall not operate
Liability. Sec. 30. At any meeting specially called for the purpose, the members, upon recommendation of not less than two-thirds of the board of directors, may, by a two-thirds vote of the entire membership of the credit union vote to liquidate the corporation. A committee of three shall thereupon be elected to liquidate the assets of the corporation under the direction of the director of efficiency, and each share of the capital stock, according to the amount paid thereon, shall be entitled to its proportionate part of the assets in liquidation after all deposits and debts have been paid, and the charter of such corporation voting to liquidate in accordance with this section shall become void except for the purpose of discharging existing obligations and liabilities. Funds representing unclaimed dividends in liquidation and remaining in the hands of the liquidating committee for six months after the date of the final dividend, shall be deposited by them, together with all books and papers of the credit union, with the director of efficiency. Such funds shall be deposited in one or more trust companies, mutual savings banks, or national banks or state banks to the credit of the director of efficiency in his official capacity in trust for the members of the liquidating credit union entitled thereto, according to their several interests. Upon receipt of evidence satisfactory to him, the director of efficiency may pay the money so held by him to the persons respectively entitled thereto. In case of doubt or of conflicting claims, he may require an order of the county in which the credit union is located, authorizing and directing the payment thereof. He may apply the interest earned by the moneys so held toward defraying the expenses incurred in the payment of such unclaimed dividends. At the expiration of five years from the date
of the receipt thereof such funds as still remain in the hands of the director of efficiency shall be escheated to the state and revert to the permanent school fund.

Sec. 31. In the event that any officer, or officers, of such credit union shall be found, in the opinion of the director of efficiency, to be inefficient, incapable of doing his work, or wilfully or otherwise disobeys orders of the director of efficiency, such person, or persons, may be removed from office by the director of efficiency upon a written order served upon the president or secretary of the credit union by registered mail, and if the directors neglect or refuse to elect or appoint a suitable person or persons, to take the place of those removed, then the director of efficiency may and shall appoint a suitable person, or persons, to take the place or places thus vacated, who shall act with full power until a successor or successors is elected at an annual meeting.

Sec. 32. A credit union may, with the approval of the director of efficiency and in accordance with such uniform rules and regulations as he shall make and promulgate, be merged with another credit union under the charter of such association upon any plan agreed upon by the majority of the board of directors of each such credit union or association joining in such merger, and approved by the affirmative vote of shareholders holding at least ninety per cent of the outstanding shares of each such credit union or association, at a meeting of such shareholders duly called for that purpose. All property, property rights and interests of the credit union so merging shall upon such merger be transferred to and vested in the credit union or association under whose charter the merger is effected without deed, endorsement or other instrument of transfer, and the debts and obligations of the credit
union so merging shall be deemed to have been assumed by the credit union or association under whose charter the merger is effected, and thereafter the charter of the credit union so merging shall be null and void and it shall cease to exist.

Sec. 33. The powers herein given to and to be exercised by the director of efficiency may, upon his direction, be exercised through and by means of the director of the division of savings and loan created under the act of January 15, 1926.

Sec. 34. Any officer, director, agent or employee of any credit union who shall knowingly violate or consent to or connive at the violation of any provisions of this act, for violation of which a penalty is not herein otherwise provided, shall be guilty of a misdemeanor.

Passed the House March 9, 1933.
Passed the Senate March 8, 1933.
Approved by the Governor March 20, 1933.

CHAPTER 174.
[H. B. 303.]
COUNTY HOSPITALS.
An Act relating to and regulating the maintenance and operation of hospitals for the care of persons suffering from disease, illness or infirmity, by counties and counties and cities jointly; providing for appeals by trustees of such hospitals from orders of removal; amending section 3 of chapter 139 of the Laws of 1931; and declaring that this act shall take effect immediately.

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

Section 1. That section 3 of chapter 139 of the Laws of 1931 be and is amended to read as follows:

Section 3. Any vacancy in the board of trustees, except that of an ex-officio member, shall be filled by appointment by the board making the orig-