

district to fill the vacancy.

Sec. 2. Section 12, chapter 115, Laws of 1921, and RCW 24.32-.150 are each amended to read as follows:

The directors shall elect (~~from their number~~) a president and one or more vice presidents, who need not be directors: PROVIDED That if said president and vice presidents are not members of the board of directors, the directors shall elect from their number a chairman of the board of directors and one or more vice chairmen. They shall also elect a secretary and treasurer, who need not be directors, and they may combine the two latter offices and designate the combined office as secretary-treasurer. The treasurer may be a bank or any depository, and as such shall not be considered as an officer but as a function of the board of directors. In such case the secretary shall perform the usual accounting duties of the treasurer, excepting that the funds shall be deposited only as authorized by the board of directors.

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CHAPTER 65
 [Substitute House Bill No. 301]
 CREDIT UNIONS

AN ACT Relating to credit unions; amending section 3, chapter 173, Laws of 1933 as last amended by section 3, chapter 180, Laws of 1967 and RCW 31.12.050; amending section 7, chapter 173, Laws of 1933 as amended by section 6, chapter 131, Laws of 1943 and RCW 31.12.110; amending section 15, chapter 173, Laws of 1933 as last amended by section 7, chapter 180, Laws of 1967 and RCW 31.12.190; amending section 16, chapter 173, Laws of 1933 as last amended by section 4, chapter 138, Laws of 1959 and RCW 31.12.200; amending section 18, chapter 173, Laws of 1933 as last amended by section 8, chapter 180, Laws of 1967 and RCW 31.12.220; amending section 21, chapter 173, Laws of 1933 as last amended by section 7, chapter 23, Laws of 1957 and RCW

31.12.240; amending section 8, chapter 23, Laws of 1957 as last amended by section 10, chapter 180, Laws of 1967 and RCW 31.12-.245; amending section 20, chapter 173, Laws of 1933 as last amended by section 6, chapter 138, Laws of 1959 and RCW 31.12-.260; amending section 11, chapter 23, Laws of 1957 as last amended by section 11, chapter 180, Laws of 1967 and RCW 31.12-.270; amending section 12, chapter 23, Laws of 1957 as last amended by section 12, chapter 180, Laws of 1967 and RCW 31.12-.280.

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

Section 1. Section 3, chapter 173, Laws of 1933 as last amended by section 3, chapter 180, Laws of 1967 and RCW 31.12.050 are each amended to read as follows:

A credit union shall be organized in the following manner:

The applicants shall execute in quadruplicate articles of incorporation and bylaws by the terms of which they agree to be bound, which shall be submitted to and approved by the supervisor.

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 five nor more than fifteen;
- (3) The names, occupations 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 bylaws, have been filed with the supervisor, he shall ascertain whether such articles of incorporation and bylaws of such credit union are consistent with the purposes of this chapter 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 chapter, and he shall further determine the economic advisability for such credit union, also taking into consideration all surrounding facts and circumstances pertaining to a successful operation of said credit union, and whether the proposed credit union is being formed for other than the legitimate objects covered by this chapter. After the supervisor shall have satisfied himself of the above facts, and within thirty days after receipt of such certificates and bylaws, 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 bylaws to the person 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 supervisor 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 supervisor 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 bylaws of 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 supervisor, 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 chapter, and whose existence (~~((shall continue for the period not exceeding fifty years))~~) may be perpetual. In order to simplify the organization of credit unions the supervisor shall cause forms of articles of incorporation and bylaws to be prepared consistent with the provisions of this chapter, and upon written application of any seven residents of this state shall supply them without charge with blank forms of articles of incorporation and form of suggested bylaws.

Sec. 2. Section 7, chapter 173, Laws of 1933 as amended by section 6, chapter 131, Laws of 1943 and RCW 31.12.110 are each amended to read as follows:

Subject to RCW 31.12.120 the bylaws may be amended by the board of directors at any (~~(annual)~~) regular meeting or at a special meeting called for the purpose, by a two-thirds vote of all members (~~((present and entitled to vote))~~) of the board: PROVIDED, That a copy of the proposed amendment, together with a written notice of the meeting, shall have been sent to each member of the board to his last known post office address, or handed to him in person, at least seven days before the meeting.

Sec. 3. Section 15, chapter 173, Laws of 1933 as last amended by section 7, chapter 180, Laws of 1967 and RCW 31.12.190 are each amended to read as follows:

The board 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 herein, determine the rate of interest to be paid on deposits, which shall not ~~((exceed-four-percent-per-year))~~ be greater than one-half of one percent less than the rate at which dividends have been declared during the immediately preceeding period, determine the types of security which shall be acceptable on loans subject to the limitations herein, and fill vacancies in the board and in such committees for which provision as to filling of vacancies is not made herein, until the next election. ~~((#))~~ The board shall make recommendations to the members relative to ~~((the-need-of-amendments-to-the-by-laws-and-other))~~ matters upon which it deems the members should act at any regular or special meeting. The board from time to time shall set the amount of shares and deposits which any one member may hold in the credit union, and set the amount which may be loaned, secured or unsecured, to any one member, all subject to the limitations contained in this chapter. At each annual, semiannual, or quarterly period the board may declare a dividend from net earnings, which shall be paid on all shares outstanding at the time of declaration, and which may be paid to members on shares withdrawn during the period. Shares which become paid up during the year shall be entitled to a proportional part of the dividend calculated from the first day of the month following such payment in full: PROVIDED, That the board may compute such full shares if purchased on or before the tenth day of any month, as of the first day of the month. The board may borrow money in behalf of the credit union, for the purpose of making loans, and the payment of debts or withdrawals. The aggregate amount of such loans shall not exceed thirty-three and one-third percent of the credit union's paid-in and unimpaired capital and surplus except with the approval of the supervisor. It may, by a two-thirds vote, remove from office any officer for cause; or suspend any member of the board, credit committee, or audit committee, for cause, until the next membership meeting, which meeting

shall be held within fifteen days of the suspension, and at which meeting the suspension shall be acted upon by the members. The board shall make a written report to the members at each annual meeting.

Sec. 4. Section 16, chapter 173, Laws of 1933 as last amended by section 4, chapter 138, Laws of 1959 and RCW 31.12.200 are each amended to read as follows:

An auditing committee of not less than three members shall be elected at the annual meeting of the credit union and shall hold office for a term of three years, unless sooner removed as herein provided, or until their successors commence the performance of their duties. The auditing committee shall be divided into classes so that an equal number as nearly as may be shall be elected each year. If a member of the auditing committee ceases to be a member of the credit union, his office shall thereupon become vacant.

The auditing committee shall keep fully informed at all times as to the financial condition of the credit union; examine carefully the cash and accounts (~~monthly~~) semiannually; certify the monthly statements submitted by the treasurer, semiannually; make a thorough audit of the books, including income and expense, semiannually; report to the board its findings, together with its recommendations; under regulations prescribed by the supervisor, cause to be verified the passbooks of the credit union, according to such regulations; hold meetings at least (~~once-a-month~~) semiannually and keep records thereof; and make an annual report at the annual meeting.

By unanimous vote the auditing committee may suspend an officer of the corporation or a member of the credit committee or of the board until the next members' meeting, which meeting shall be held within fifteen days of the suspension, and at which meeting the suspension shall be acted upon by the members. By a majority vote of the auditing committee it may call a special meeting of the members to consider any violation of this chapter or of the bylaws, or any practice of the credit union deemed by the committee to be unsafe or unauthorized. The auditing committee shall fill vacancies in its own

membership until successors are elected. It shall also call a special meeting of the membership upon the request of the supervisor.

Sec. 5. Section 18, chapter 173, Laws of 1933 as last amended by section 8, chapter 180, Laws of 1967 and RCW 31.12.220 are each amended to read as follows:

Before the payment of any dividend there shall be set apart as a guaranty fund not less than twenty percent of the net income which has accumulated during the next preceding dividend period, except as hereinafter provided, until such time as said guaranty fund and undivided profits shall equal ten percent of the outstanding loans (~~and investments~~) 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 at least maintaining such guaranty fund and undivided profits 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 cents for each member. The 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. 6. Section 21, chapter 173, Laws of 1933 as last amended by section 7, chapter 23, Laws of 1957 and RCW 31.12.240 are each amended to read as follows:

The credit committee shall hold meetings at least once a month; act on all applications for loans; approve in writing all personal loans granted and any security pledged therefor; and submit to the board all applications for loans other than personal loans, with their recommendations thereon, except as provided in RCW 31.12.245.

No personal loans shall be made unless all 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 the committee, approve such loan, except as provided in RCW 31.12.245. The credit committee may be established in such numbers and at such

places as is necessary to serve member needs, with a minimum of two members needed for loan approval: PROVIDED, That such extension of service is approved by the supervisor. No loan shall be granted unless it promises to be of benefit to the borrower. A borrower shall have not less than one fully paid share.

Sec. 7. Section 8, chapter 23, Laws of 1957 as last amended by section 10, chapter 180, Laws of 1967 and RCW 31.12.245 are each amended to read as follows:

The board of any credit union organized under this chapter whose assets are in excess of two hundred thousand dollars may appoint such loan officers as it deems advisable for the purpose of approving certain types of loans without further authorization from the credit committee. Credit unions with assets of two hundred thousand dollars or less may appoint such loan officers: PROVIDED, That the supervisor has given his prior approval thereto. (~~Such loan officers may be authorized to approve individually only the following types of loans without the approval of the credit committee:~~

~~{1}--Personal loans to an amount not exceeding one thousand dollars, on the unindorsed or unsecured note of the borrower, and personal loans not exceeding one thousand five hundred dollars which are adequately secured in the judgment of a loan officer;~~

~~{2}--Personal loans in excess of one thousand dollars so long as that amount of the loan exceeding one thousand dollars is secured by the borrower's pledged shares in the credit union;~~

~~{3}--Personal loans refinancing loans previously made where the new loan balance will not exceed the loan balance originally authorized and the actual indebtedness is not increased by more than one thousand dollars.)~~ All loans not approved by a loan officer shall be acted upon by the credit committee. No individual shall have authority to disburse funds of the credit union for any loan which has been approved by him in his capacity as a loan officer.

Sec. 8. Section 20, chapter 173, Laws of 1933 as last amended by section 6, chapter 138, Laws of 1959 and RCW 31.12.260 are each

amended to read as follows:

The capital, deposits, and surplus of a credit union shall be invested in loans to members, with the approval of the credit committee or the loan officer where permitted herein, 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, may be deposited in banks or trust companies or in state or national banks located in this state, or invested in any bond 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 unions or savings and loan associations organized or authorized to do business under the laws of this state or the United States. 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 deposit. (~~At least five percent of the total assets of a credit union shall be carried as cash on hand or as balances due from banks, trust companies, savings and loan associations, central credit unions or mutual savings banks organized or authorized to do business in this state or the United States, 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.~~ Whenever the aforesaid ratio falls below five percent, no further loans shall be made until the ratio has been reestablished.) Investments other than personal loans shall be made only with the approval of the board.

Sec. 9. Section 11, chapter 23, Laws of 1957 as last amended by section 11, chapter 180, Laws of 1967 and RCW 31.12.270 are each amended to read as follows:

A credit union may make:

(1) Personal loans to its members secured by the note of the borrower;

(2) Loans to its members under the act of congress known as the "Higher Education Act of 1965", Nov. 8, 1965, Pub. L. 89-329 (20

USC sections 1001 to 1144 inc.);

(3) Loans to its members secured by a first security interest in a house trailer, as defined by RCW 82.50.010, owned by the member. All such loans must be amortized by weekly, semimonthly, or monthly payments, which payments, including interest, shall be at the rate of not less than fifteen percent per year of the original principal. Such loans shall not exceed seventy-five percent of the purchase price or of the appraised value thereof, whichever is the lesser;

(4) Loans to its members secured by first mortgages or real estate contracts in which members are buyers if such mortgage or contract relates to real estate which is situated within the state; such real estate must be within fifty miles of the principal office of the credit union unless with prior approval of the supervisor; and

(5) Loans to other credit unions upon a two-thirds majority vote of the board: PROVIDED, That the total amount of such loans does not exceed twenty-five percent of the paid-in and unimpaired capital and surplus of the lending credit union.

Personal loans shall be given preference, and in the event there are not sufficient funds available to satisfy all loan applicants approved by the credit committee, further preference shall be given to the smaller loan. Each personal loan shall be payable within ~~((two))~~ four years from the date thereof: PROVIDED, That loans with satisfactory security may be made payable within ~~((five))~~ eight years from the date thereof. ~~((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 he is a member of the credit union, and if he leaves the state, a new resident endorser shall be immediately provided or the loan shall be at once collectible.))~~

Sec. 10. Section 12, chapter 23, Laws of 1957 as last amended by section 12, chapter 180, Laws of 1967 and RCW 31.12.280 are each amended to read as follows:

~~((Loans to any one member shall not exceed six thousand dollars without the permission of the supervisor and shall be limited as fol-~~

~~laws--~~

~~(1)--To an amount not exceeding one thousand dollars on the unsecured or unsecured note of the borrower--~~

~~(2)--Loans to an individual or family community in excess of one thousand dollars must be adequately secured--))~~

No loan which is not adequately secured may be made to any member, if, upon the making of that loan, the member would be indebted to the credit union upon loans made to him in an aggregate amount which, in the case of a credit union whose unimpaired capital and surplus is less than eight thousand dollars would exceed two hundred dollars, or which, in the case of any other credit union, would exceed two thousand five hundred dollars or two and one-half per centum of its unimpaired capital and surplus, whichever is less. No loan may be made to any member if, upon the making of that loan, the member would be indebted to the credit union upon loans made to him in an aggregate amount which would exceed two hundred dollars or ten percent of the credit union's unimpaired capital and surplus, whichever is greater: PROVIDED, That loans to any family community shall not exceed ten thousand dollars without the permission of the supervisor.

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CHAPTER 66

[Engrossed House Bill No. 371]
1955 AGRICULTURAL ENABLING ACT--
PRODUCER LISTS--ELECTION COSTS

AN ACT Relating to agriculture; amending section 15.66.060, chapter 11, Laws of 1961 and RCW 15.66.060; amending section 15.66.260, chapter 11, Laws of 1961 and RCW 15.66.260.

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

Section 1. Section 15.66.060, chapter 11, Laws of 1961 and RCW 15.66.060 are each amended to read as follows:

Upon receipt of a petition for the issuance, amendment, or termination of a marketing order, the director shall establish a list of producers of the agricultural commodity affected or make any such ex-