that the tenant-operator shall construct a substantial portion of the facility or the improvements thereto, which construction and/or improvements shall become the property of the city on expiration of the lease. If no bid is received for the operation of such an off-street parking facility, or if the bids received are not satisfactory, the legislative body of the city may reject such bids and shall readvertise the facility for lease. In the event that no bids or no satisfactory bids shall have been received following the second advertising, the city may negotiate with a private operator of the operation of the facility without competitive bidding. In the event the city shall be unable to negotiate for satisfactory private operation within a reasonable time, the city may operate the facility for a period not to exceed three years, at which time it shall readvertise as provided above in this section.

NEW SECTION. Sec. 5. If any provision of this 1975 amendatory 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 House March 14, 1975.
Passed the Senate June 3, 1975.
Approved by the Governor June 26, 1975.
Filed in Office of Secretary of State June 27, 1975.

CHAPTER 222
[Substitute House Bill No. 294]
CREDIT UNIONS


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

Section 1. Section 15, chapter 173, Laws of 1933 as last amended by section 5, chapter 8, Laws of 1973 1st ex. sess. 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, except that a membership officer may be authorized by the board to approve applications for membership under such conditions as the board may prescribe which are consistent with the provisions of this chapter, and such membership officers so authorized shall submit to the board at each monthly meeting a list of approved or pending applications for membership received since the previous monthly meeting, together with such other related information as the bylaws or the board may require. The board shall 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 be greater than one-half of one percent less than the rate at which dividends have been declared during the immediately preceding 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 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, and from the date of deposit to date of withdrawal. 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, investment 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. 2. Section 16, chapter 173, Laws of 1933 as last amended by section 4, chapter 65, Laws of 1969 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 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 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. 3. Section 17, chapter 173, Laws of 1933 as last amended by section 6, chapter 8, Laws of 1973 1st ex. sess. and RCW 31.12.210 are each amended to read as follows:

No director shall receive compensation for his services as such or as a member of a committee; nor shall he borrow from the corporation to an amount in excess of his shares and deposits in the credit union and the accumulated earnings standing to his credit on the books of the corporation except by written approval of three-fourths of the members of the board). Loans to directors and committee persons shall be under at least the same conditions and terms as required of the general membership of the credit union. The treasurer elected by the board may receive such compensation as the board may authorize.

Sec. 4. Section 21, chapter 173, Laws of 1933 as last amended by section 8, chapter 8, Laws of 1973 1st ex. sess. 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; and approve in writing all (personal) loans granted and any security pledged therefor.

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. 5. Section 20, chapter 173, Laws of 1933 as last amended by section 10, chapter 8, Laws of 1973 1st ex. sess. 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 or of the investment committee. Any capital, deposits, or surplus funds in excess of the amount for which loans may be approved, may be deposited or invested:

(a) In banks or trust companies in or state or national banks located in this state or in checking accounts of banks in other states in which accounts are insured by the Federal Deposit Insurance Corporation;

(b) 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 which are)) fully guaranteed as to payment of principal and interest by the United States government, and general obligations of this state and general obligations of counties, municipalities, or public purpose districts of this state;

(c) In obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, or any corporation designated in section 846 of Title 31 U.S.C. as a wholly owned government corporation; or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by the Federal National Mortgage Association or the Government National Mortgage Association;

(d) In participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections therefrom, which obligations have been subjected by one or more governmental agencies to a trust or trusts for which any executive department, agency or instrumentality of the United States (or the head thereof) has been named to act as trustee;

(e) In the shares, share certificates or share deposits 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, or in the notes of such credit unions in the process of liquidation;

(f) In the ICU government securities program of ICU Services Corporation owned by CUNA, Incorporated, or up to two percent thereof in a corporation owned by the Washington Credit Union League;

(g) In such other investments authorized in accordance with rules and regulations prescribed by the supervisor consistent with chapter 31.12 RCW as now or hereafter amended:

PROVIDED, That any such securities shall not be eligible for investment if they have been in default either as to principal or interest within five years prior to date of purchase.

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. Investments other than loans to members shall be made only with the approval of the board or of the investment committee.

Sec. 6. Section 11, chapter 23, Laws of 1957 as last amended by section 11, chapter 8, Laws of 1973 1st ex. sess. 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 or other collateral satisfactory to the credit committee, including but not limited to interests in real estate and security interests in mobile homes, travel trailers and motor homes as defined by RCW 82.50.010;

(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 mobile home, travel trailer and motor home, 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 on 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; (amd)

(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, and

(6) Loans to its members under the act of congress known as the "FHA Title 1, National Housing Act of 1934", June 27, 1934 (12 USC sections 1701 to 1750 inc.).

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 four years from the date thereof: PROVIDED, That loans with satisfactory security may be made payable within eight years from the date thereof.

Sec. 7. Section 12, chapter 23, Laws of 1957 as last amended by section 12, chapter 8, Laws of 1973 1st ex. sess. and RCW 31.12.280 are each amended to read as follows:

((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 five hundred dollars, or which, in the case of any other credit union; }}
would exceed two thousand five hundred dollars or two and one-half percent 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 five hundred dollars or ten percent of the credit union's unimpaired capital and surplus, whichever is greater: PROVIDED, That loans which are not secured totally by share deposits to any family community shall not exceed ten thousand dollars without the permission of the supervisor;

Unsecured loans may be made to members not to exceed five hundred dollars for credit unions whose unimpaired capital and surplus is less than eight thousand dollars or up to two and one-half percent of the unimpaired capital and surplus of any other credit union not to exceed two thousand five hundred dollars. Loans with adequate security may be made to members of a family community in an aggregate amount not to exceed five hundred dollars or ten percent of the credit union's unimpaired capital and surplus, whichever is greater: PROVIDED, That personal loans which are not totally secured by share deposits shall not exceed twelve thousand dollars without permission of the supervisor.

Sec. 8. Section 25, chapter 173, Laws of 1933 as amended by section 19, chapter 131, Laws of 1943 and RCW 31.12.310 are each amended to read as follows:

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 member shall, at his election, be paid to him in cash or be credited to his account in either shares or deposits. No dividend exceeding ((six)) seven percent per annum shall be paid, unless the guaranty fund and undivided profits exceed fifteen percent of assets, but surplus earnings may be distributed to the borrowers as a patronage dividend ratably in proportion to interest paid by them.

NEW SECTION. Sec. 9. If any provision of this 1975 amendatory 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 House May 12, 1975.
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