
ENGROSSED SUBSTITUTE HOUSE BILL 1085

State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Winsley, Dellwo, Broback, Dorn, Mielke, Inslee, Schmidt, Zellinsky, Anderson, Paris, R. Johnson, Edmondson, Wynne, Chandler, Wood, Tate and Orr).

Read first time February 5, 1991.

1 AN ACT Relating to directors, officers, employees, and other agents
2 of credit unions; adding new sections to chapter 31.12 RCW; and
3 prescribing penalties.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 31.12 RCW
6 to read as follows:

7 Directors and officers of a credit union stand in a fiduciary
8 relationship to the credit union and shall discharge the duties of
9 their respective positions in good faith and with that diligence, care,
10 and skill which ordinary, prudent persons would exercise under similar
11 circumstances in like position.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 31.12 RCW
13 to read as follows:

1 (1) No director, officer, employee, or other agent of any credit
2 union may purchase, or be interested in the purchase, directly or
3 indirectly, of any of its assets without the previous consent of a
4 majority of disinterested directors of the credit union. If the fair
5 market value of the asset or assets exceed ten thousand dollars, not
6 less than ten days' prior notice of the sale shall be given to the
7 supervisor.

8 (2) No director, officer, employee, or other agent of any credit
9 union may, directly or indirectly, receive a bonus, commission,
10 compensation, remuneration, gift, speculative interest, or gratuity of
11 any kind from any person, firm, or corporation other than the credit
12 union for granting, procuring, or endeavoring to procure, for any
13 person, firm, or corporation, any loan by or out of the funds of such
14 credit union; or for the purchase or sale of any securities or property
15 for or on account of such credit union.

16 (3) No credit union may enter into a written or oral contract with
17 any person to provide goods, products, or services to or for the
18 benefit of such credit union if the performance of such contract would
19 adversely affect the safety or soundness of the institution.

20 (4) No credit union may contract for, or purchase from, any of its
21 directors, officers, or employees or from any firm of which any of its
22 directors, officers, or employees is an employee or has an ownership
23 interest, any service or property unless such contract or purchase is
24 made in the regular course of business upon terms not less favorable to
25 the credit union than those offered to others.

26 (5) A violation of this section is a gross misdemeanor.