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Need font should be established on basis of experience

War Relocation Authority

Instruction No. _____

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CREDIT UNIONS

I Purposes:

Residents of a relocation center will be encouraged to organize a credit union for the following purposes:

- A To encourage thrift by providing a safe, convenient, and attractive medium for the investment of the savings of its members. At the present time it is difficult for evacuees to put any income which they may receive for work in a bank or in any other safe place. The credit union office will provide a place for them to make deposits whenever they wish. At the closing of the office, each night, an officer of the credit union may take all the money deposited during the day to the post office where he will buy a post office money order for deposit in the closest, reliable bank.
- B To promote industry, eliminate usury, and increase the purchasing power of its members by enabling them to borrow, for productive or other beneficial purposes, at reasonable rates of interest. Under the present arrangements there is no means provided by which residents of the relocation centers may obtain small loans to help them over emergencies until the next payday. The credit union would make it possible for them to borrow in order to satisfy their domestic and productive needs.

II How to Organize a Credit Union

- A The War Relocation Authority staff will encourage the evacuees to organize group meetings in order to learn about credit union practice.
- B While the groups are studying they can begin their savings by making small deposits with the leaders of the groups. A countercheck book or any other form may be used to keep a record of the savings of the members.
- C A further step may be taken by the members of the groups in appointing a temporary treasurer. This treasurer can then deposit the money saved by all groups in the closest bank by buying post office money orders and mailing them to the bank.
- D After a study has been made of the WRA bulletin on the organization of credit unions, the members of the groups should then appoint two organizational committees.
1. The first of these committees will study the model by-laws provided by WRA and draft by-laws for the community credit union.
 2. The other committee will carefully consider members of the relocation center and make a list of those whom they consider the most dependable and responsible for acting as directors of the credit union and members of the credit and supervisory committees.
- E The groups should raise money for the purchasing of book-keeping supplies. At the present time the cost of setting

up a credit union is around \$25.00. This money may be raised through an entertainment or social evening. The cost of the bookkeeping set is practically the only cost they will have to meet out of pocket, since the earnings of the society will pay for the operating expenses.

F The minimum number of members needed to organize a credit union and apply for a charter is nine. But it is advisable for the group to wait until at least twenty people are interested. An organization meeting may be called and all residents of the relocation center invited to attend. At the organizational meeting the advantages of having a credit union on the project will be explained and all residents will be invited to join.

G Those who have pledged to become members of the credit union will elect a Board of Directors, a Credit Committee, and a Supervisory Committee.

H The Board of Directors will apply for registration under the State Credit Union Act, or for a charter under the Federal Credit Union Act.

I The Board of Directors will apply to the Project Director for office space and stationary equipment. There should be tellers' wickets and a private room where the credit committee may meet.

III Officers of the Credit Union

A Board of Directors

The Board of Directors will have the following duties;

1. The Board of Directors will elect the president, secretary, and treasurer of the Credit Union, and employ, after consultation with the Project Employment Office, the staff necessary in carrying on the business of the Credit Union.
2. The second duty of the Board of Directors is to fix the rate of interest the Credit Union is to charge on loans to members.
3. To fix the amount of the surety bond which shall be required of all officers and employees handling money.
4. To declare dividends and to recommend and to transmit to members recommended amendments to the By-Laws.
5. To fill vacancies in the Board of Directors and the committees.
6. To determine from time to time the maximum individual share-holding and to determine the maximum individual loan which may be made both with and without security.
7. To have charge of investments other than loans to members.
8. To designate the bank or banks in which the funds of the credit union shall be deposited.
9. To appoint the person who, with the treasurer, shall have joint control of securities and power to sign all checks issued by the Credit Union.

B Credit Committee

Of the three sets of officers of the Credit Union the most important is the Credit Committee. In the hands of its

members is the responsibility of safeguarding the money of its members. In considering applications for loans the Credit Committee must consider whether the loan is of real benefit to the borrower and if it is safe to make the loan to him. The Credit Committee must keep all of its transactions confidential.

C Supervisory Committee

The Supervisory Committee of the Credit Union is a small committee consisting only of three members. Their duties are to see that not only do the Directors and members of the Credit Committee carry out their duties, but that they do so in the best interest of the members. An examination of the affairs of the society is to be made by the Supervisory Committee every month and a report to the members is to be made if any irregularities are found. In making such an audit, no detail should be neglected. Every deposit should be traced to the collection sheets and from there to the personal account of the member in the ledger, and then to the cash disbursements journal. The Supervisory Committee should see, also, that every loan made has a properly filled in application form and that the note given by the borrower is complete as to signatures of endorsers. The Supervisory Committee should see, too, that all loans are domestic or productive purposes and do not exceed the amount set by the Directors for individual loans.

The monthly statement presented to the members should be signed by at least one member of the Supervisory Committee. At the end of the year the Committee should have a very accurate and complete statement to present to the annual meeting of the members.

If the Supervisory Committee finds that the Directors or members of the Credit Committee, or any employees of the Credit Union are not fulfilling their duties properly, then they should check them up immediately, and if they do not respond, a meeting of the members should be called and the situation placed before them.

IV Capital of the Credit Union

A Shares

A resident of the relocation center may become a member of the credit union by purchasing a share in the Credit Union. A share will sell for \$5.00 and may be paid for in cash or by subscribing to monthly installments of at least \$.25. The installment method of purchasing shares offers the most satisfactory way of saving money in the Credit Union. All shares are transferable and with the exception of the minimum set by the Board of Directors, all shares are withdrawable.

No matter how many shares a member may have in the Credit Union he has only one vote.

B Deposits

In addition to saving by the installment purchase of Credit Union shares, members may make deposits of any size in a deposit account.

C Dividends

The amount of dividends paid by the Credit Union on shares is limited to 6%, while the amount of interest paid on deposits cannot exceed 5%.

V Loans

A Security

Loans for amounts up to \$50 will be made on character alone. For amounts over \$50 loans will be made up to the amount which the borrower has in his share and deposit accounts, or up to the sum equal to the amounts in the share and deposit accounts of the borrower and other members who are willing to indorse his note.

B Repayment

Loans are to be repaid on the installment plan and must be paid in full in one year.

VI Membership

Any person living in the relocation center or any association of persons living in the relocation center is eligible for membership in the Credit Union.

VII Responsibility of Director of WRA

A The Director of WRA will provide instructional material on the organization and operation of Credit Unions and model By-Laws.

B He will appoint an auditor to inspect the books and records of all credit unions on relocation projects and to advise the Credit Union directors and committee members on matters relating to good credit union business practice.

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December 16, 1942

OUTLINE PLAN

Of some of the more important points
to be considered in the organization of a
Credit Union Association on a relocation
center.

1. Credit Union

Residents of a relocation center will be encouraged to organize a credit union for the following purposes:

- A. To encourage thrift by providing a safe, convenient, and attractive medium for the investment of the savings of its members. At the present time it is difficult for evacuees to put any income which they may receive for work in a bank or in any other safe place. The credit union office will provide a place for them to make deposits at convenient hours. At the closing of the office each night, an officer of the credit union may take all the money deposited during the day to the post office where he will buy a post office money order for deposit in the closest, reliable bank.
- B. To promote industry, eliminate usury, and increase the purchasing power of its members by enabling them to borrow, for productive or other beneficial purposes, at reasonable rates of interest. Under the present arrangements there is no means provided by which residents of the relocation centers may obtain small loans to help them over emergencies until the next payday. The credit union would make it possible for them to borrow in order to satisfy their domestic and productive needs.

11. How to Organize a Credit Union

- A. The War Relocation Authority staff will encourage the evacuees to organize group meetings in order to learn

about credit union practice.

- B. While the groups are studying they can begin their savings by making small deposits with the leaders of the groups. A countercheck book or any other form may be used to keep a record of the savings of the members.
- C. A further step may be taken by the members of the groups in appointing a temporary treasurer. This treasurer can then deposit the money saved by all the groups in the closest bank by buying post office money orders and mailing them to the bank.
- D. After a study has been made of the W.R.A. bulletin on the organization of credit unions, the members of the groups should then appoint two organizational committees.
1. The first of these committees will study the model by-laws provided by W.R.A.
 2. The other committee will carefully consider residents of the relocation center and make a nomination list of those whom they consider the most dependable and responsible for acting as directors of the credit union and members of the credit and supervisory committees.
- E. The groups should raise money for the charter fee and purchasing of bookkeeping supplies. At the present time the cost of setting up a credit union is around \$50.00. This money may be raised through an entertainment or social evening. The earnings of the society should pay for the operating expenses.

- F. The minimum number of members needed to organize a credit union and apply for a charter is seven. But it is advisable for the groups to wait until at least thirty people are members of groups interested in the organization of the credit union. At this time an organizational meeting may be called and all residents of the relocation center invited to attend. At the organizational meeting the advantages of having a credit union on the project will be explained and all residents will be invited to join.
- G. Those who have pledged to become members of the credit union will elect a board of directors, a credit committee, and a supervisory committee.
- H. The incorporators will apply for registration under the State Credit Union Act, or for a charter under the Federal Credit Union Act.
- I. The Board of Directors will apply to the Project Director for office space and stationery equipment. The office of the credit union may be in the same building as that of the store, or may be a separate building in itself. There should be tellers' wickets and a private room where the credit committee may meet.

III. Officers of the Credit Union

A. Board of Directors:

The Board of Directors will have the following duties:

- 1. The Board of Directors will elect the president, secretary, and treasurer of the credit union, and employ,

after consultation with the Project Employment Office, the staff necessary in carrying on the business of the credit union.

2. The second duty of the Board of Directors is to fix the rate of interest the credit union is to charge on loans to members.
3. To fix the amount of the surety bond which shall be required of all officers and employees handling money.
4. To recommend dividends and to transmit to members recommended amendments to the by-Laws.
5. To fill vacancies in the Board of Directors and the committees.
6. To determine from time to time the maximum individual share-holdings and to determine the maximum individual loan which may be made both with and without security.
7. To have charge of investments other than loans to members.
8. To designate the bank or banks in which the funds of the credit union shall be deposited.

B. Credit Committee:

Of the three sets of officials of the credit union the most important is the Credit Committee. In the hands of its members is the responsibility of safeguarding the money of the members. In considering applications for loans the Credit Committee must consider whether the loan

is of real benefit to the borrower and if it is safe to make the loan to him. The Credit Committee must keep all of its transactions confidential.

C. Supervisory Committee:

The Supervisory Committee of the credit union is a small committee consisting only of three members. Their duties are to see that not only do the Directors and members of the Credit Committee carry out their duties, but that they do so in the best interests of the members. An examination of the affairs of the society is to be made by the Supervisory Committee at least quarterly and a report to the members is to be made if any irregularities are found. In making such an audit, no detail should be neglected. Every deposit should be traced to the collection sheets and from there to the personal account of the member in the ledger, and then to the cash receipts book. All check stubs should be compared with entries in the cash disbursements journal. The Supervisory Committee should see, also, that every loan made has a properly filled in application form and that the note given by the borrower is complete as to signatures of endorsers. The Supervisory Committee should see, too, that all loans are for domestic or productive purposes and do not exceed the amount set by the Directors for individual loans.

The monthly statement presented to the members should be signed by at least one member of the Supervisory Committee. At the end of the year the Committee should have a very accurate and complete statement to present to the annual meeting of the members.

If the Supervisory Committee finds that the Directors or members of the Credit Committee, or any employees of the Credit union are not fulfilling their duties properly, then they should check them up immediately, and if they do not respond, a meeting of the members should be called and the situation placed before them.

IV. Capital of the Credit Union

A. Shares:

A resident of the relocation center may become a member of the credit union by filing an application, paying a membership fee, and at least one installment on a share. A share will sell for \$5.00 and may be paid for in cash or by subscribing to monthly installments of at least \$.25. The installment method of purchasing shares offers the most satisfactory way of saving money in the credit union. All shares are transferrable and withdrawable.

No matter how many shares a member may have in the credit union he has only one vote.

V. Loans

A. Security:

Loans for amounts up to \$100 may be made on character alone. For amounts over \$100 loans may be made on notes with co-makers or other security considered adequate by the Credit Committee.

B. Repayment:

Loans are to be repaid on the installment plan and must be repaid in full in one year, in accordance with war regulation.

VI. Membership

Any person living in the relocation center or any association of persons living in the relocation center is eligible for membership in the Credit Union.

VII. Responsibility of Director of W.R.A.

- A. The Director of W.R.A. will provide instructional material on the organization and operation of credit unions and model by-laws.