

**OPINION**  
**53-45**

July 26, 1943(OPINION)

CREDIT UNIONS

RE: Authority to borrow money

Your inquiry of July 16th, asking for an opinion relative to the authority of credit unions to borrow money from lending agencies for the purpose of reloaning the same to their members, was referred to the undersigned for attention.

Credit unions are organized pursuant to chapter 108 Session Laws of 1935, as amended. This Act is complete in itself and needed no other legislation to make the same operative. Section 4 sets out the powers of a credit union and subsection f specifically authorizes a credit union "to borrow money as hereinafter indicate." Section 15 of the Act then provides:

"A credit union may borrow from any source in total sum which shall not exceed twenty-five percent of its assets, unless the State Examiner shall authorize a larger amount."

As stated before, chapter 108 Session Laws of 1935, was an act complete in itself. However, the Legislature in enacting chapter 118, Session Laws of 1939, permitted credit unions whose reserve fund had reached the maximum permitted by section 17 of chapter 108 Session Laws of 1935, as amended by chapter 117 Session Laws of 1939, to set up a permanent loan fund. The title of chapter 118 Session Laws of 1939 is explanatory of the purpose of its enactment wherein it states:

"An Act to extend the powers of credit unions organized under chapter 108 Session Laws of 1935 \* \* \*."

While chapter 118 Session Laws of 1939 authorizes the members of a credit union to extend their powers and set up the permanent loan fund, a limitation has been placed upon the permanent loan fund. Section 2 of this Act in part provides:

"The credit union shall not be permitted to borrow any money and transfer the amount so borrowed to the permanent loan fund."

In my opinion, chapter 118 Session Laws of 1939 is purely ancillary to the original credit union law and the restriction so far as borrowing money is concerned, is only applicable to funds going into the permanent loan fund. I do not believe that this Act in any manner restricts the right of credit unions to borrow money as provided in the original act.

ALVIN C. STRUTZ  
Attorney General