

17-2204. Powers of credit unions. A credit union shall have the following powers:

- (a) It may receive the savings of its members in payment for shares, make contracts, sue and be sued, and provide negotiable checks, money orders, travelers checks, any other money type instruments or transfer methods, safe deposit boxes or similar safekeeping facilities to its members.
- (b) It may make loans to members through the credit committee or authorized loan officer in the way and manner provided in K.S.A. 17-2201 et seq., and amendments thereto.
- (c) It may invest, through its board of directors and under written investment policies established by the board:
 - (1) In all types of shares and accounts of a corporate credit union, located in the state of Kansas and under the supervision of the administrator;
 - (2) in shares or accounts of any savings and loan association or mutual savings bank the accounts of which are insured by an insurer approved by the state in which it operates for guaranteeing the shares or accounts of such institutions;
 - (3) in the bonds or other obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby;
 - (4) in obligations of, or obligations issued by, any state or political subdivision thereof, including any agency, corporation or instrumentality of a state or political subdivision, except that no credit union may invest more than 10% of its shares, undivided earnings and reserves in the obligations of any one issuer exclusive of general obligations of the issuer;
 - (5) in savings banks, state banks, trust companies and national banks, the accounts of which are insured by an insurer approved by the state in which it operates for guaranteeing the shares or accounts of such institutions.
 - (6) Unless the administrator authorizes otherwise, the funds of the credit union shall be used first for loans to members and preference shall be given to the smaller loans in the event the available funds do not permit all loans which have been approved by a loan officer or have passed the credit committee to be made.
- (d) It may enter into agreements with financial institutions or organizations for the extension of credit or debit services.
- (e) It may do all things necessary to obtain, continue, pay for and terminate insurance of its shares and share certificates with the national credit union share insurance fund or its successor. A credit union also may do all things necessary to obtain, continue, pay for and terminate private insurance coverage of its shares and share certificates in excess of the coverage for such shares and share certificates provided by the national credit union share insurance fund or its successor. Such excess coverage shall be obtained from an insurer approved by the commissioner of insurance.
- (f) It may receive from its members or other insured credit unions payments on shares and share certificates and may invest its funds in shares, share certificates or other accounts of insured credit unions. Except for investments in corporate credit unions, such investments may not exceed 25% of the investing credit unions' shares, undivided earnings and reserves.
- (g) A corporate credit union, as defined by subsection (e) of K.S.A. 17-2231, and amendments thereto, may buy and sell investment securities, as defined by the administrator, but the total amount of such investment securities of any one obligor or maker held by such credit union shall at no time exceed 15% of the shares, undivided earnings and reserves of the credit union except that this limit shall not apply to obligations of the United States government or any agency thereof.
- (h) Credit unions may enter into agreements to discount or sell student loans made pursuant to federally insured student loan programs under public law 89-329, title IV part (b) of the higher education act of 1965 as amended.
- (i) A credit union may discount or sell to such corporate credit union or any financial institution or organization any real estate loan made by the credit union.
- (j) Credit unions may enter into agreements with a corporate credit union to discount or sell to such corporate credit union any obligation of the United States government or any agency thereof, or of any state, municipality or any agency thereof, if the obligation at the time of purchase was a legal investment for credit unions.
- (k) It may provide that shares and share certificates may be withdrawn for payment to the account holder or to third parties, in such manner and in accordance with such procedures as may be established by the board of directors.
- (l) Every credit union incorporated pursuant to or operating under the provisions of this act may exercise such powers, including incidental powers, as shall be necessary or requisite to enable it to carry on effectively the purposes and business for which it is incorporated.
- (m) A credit union may receive from the national credit union central liquidity facility created by title III of the federal credit union act, 12 U.S.C. § 1795 et seq., payments on: (1) Shares which may be issued at varying dividend rates; (2) share certificates which may be issued at varying dividend rates and maturities; and (3) investments in any other accounts of the credit union. A credit union may invest its funds in the capital stock of the national credit union central liquidity facility.
- (n) Subject to written guidelines issued by the administrator, a credit union may purchase notes made by individual borrowers to a financial institution at such prices as may be agreed upon by the board of directors of the purchasing credit union. No purchase may be made, however, under authority of this subsection, unless approved in writing by the administrator, if, upon the making of that purchase, the aggregate of the unpaid balances of notes of nonmembers purchased under authority of this subsection would exceed 5% of the shares, undivided earnings and reserves of the credit union.
- (o) Subject to rules and regulations adopted by the administrator, a credit union, if designated by the administrator as a low-income credit union, may accept payments to share accounts by nonmembers. Such rules and regulations shall specify the maximum level of nonmember shares, the use of such shares, the term of such accounts and other requirements to address safety and soundness issues. Nonmember account holders do not have the same rights and privileges as members.

History: L. 1929, ch. 141, § 4; L. 1951, ch. 204, § 1; L. 1955, ch. 138, § 1; L. 1968, ch. 160, § 3; L. 1969, ch. 112, § 56; L. 1971, ch. 75, § 1; L. 1972, ch. 58, § 1; L. 1974, ch. 98, § 1; L. 1975, ch. 136, § 3; L. 1977, ch. 75, § 1; L. 1981, ch. 101, § 2; L. 1982, ch. 103, § 2; L. 1984, ch. 90, § 1; L. 1987, ch. 85, § 1; L. 1992, ch. 225, § 1; L. 1995, ch. 64, § 1; L. 2012, ch. 161, § 1; May 31.