

**As Amended by House Committee**

---

*Session of 2019*

**HOUSE BILL No. 2101**

By Committee on Financial Institutions and Pensions

1-29

---

1 AN ACT concerning financial institutions; relating to credit unions;  
2 enacting the state credit union code; amending K.S.A. 17-2201, 17-  
3 2203, 17-2204a, 17-2207, 17-2209, 17-2214, 17-2215, 17-2217, 17-  
4 2226, 17-2229, 17-2230, 17-2231 and 17-2268 and K.S.A. 2018 Supp.  
5 17-2202, 17-2204, 17-2206, 17-2208, 17-2210, 17-2211, 17-2216, 17-  
6 2216a, 17-2219, 17-2221a, 17-2228, 17-2233, 17-2234, 17-2246 and  
7 17-2263 and repealing the existing sections; also repealing K.S.A. 17-  
8 2224, 17-2225 and 17-2242.

9  
10 *Be it enacted by the Legislature of the State of Kansas:*

11 New Section 1. Article 22 of chapter 17 of the Kansas Statutes  
12 Annotated, and amendments thereto, shall be known and may be cited as  
13 the state credit union code.

14 Sec. 2. K.S.A. 17-2201 is hereby amended to read as follows: 17-  
15 2201. (a) Any seven persons; *who are* residents of the state of Kansas; may  
16 apply to the administrator of the credit union department for permission to  
17 organize a credit union by signing in duplicate a certificate of organization  
18 and entering into articles of incorporation, in which they shall bind  
19 themselves to comply with its requirements and with all the laws, rules and  
20 regulations applicable to credit unions. The articles of incorporation shall  
21 set forth:

22 (1) The name of the proposed credit union, which shall contain the  
23 words "credit union" and shall not be the same as that of any other credit  
24 union in this state.

25 (2) The names and addresses of the subscribers to the articles of  
26 incorporation, and the number of shares subscribed by each.

27 (3) A statement that organization as a credit union is desired under  
28 ~~this particular law~~ *the state credit union code*, the par value of the shares  
29 and the manner in which the par value of shares may be changed from  
30 time to time.

31 (4) The address, which shall include the street, number, city and  
32 county of the corporation's registered office in this state and the name of  
33 its resident agent at such address.

34 (b) At the time of filing the articles of incorporation with the  
35 administrator, the organizers shall submit, in duplicate, sets of bylaws  
36 which shall provide:

1 (1) The date of the first annual meeting, the manner in which  
2 subsequent annual meeting dates shall be determined, the manner of  
3 notification of meetings and conducting the meetings, the number of  
4 members constituting a quorum and regulations as to voting.

5 (2) The number of directors, which shall not be less than five, all of  
6 whom must be members, their powers and duties, together with the duties  
7 of officers elected by the board of directors.

8 (3) The qualifications for membership.

9 (4) The number of members of the credit committee and of the  
10 supervisory committee, ~~which shall not be less than three each, together~~  
11 ~~with, which shall not be less than three each, and~~ their respective powers  
12 and duties.

13 (5) The conditions under which shares may be issued.

14 (c) The administrator shall approve the articles of incorporation, if  
15 they are in conformity with this act and the bylaws, if satisfied that the  
16 proposed field of operation is favorable to the success of such credit union,  
17 and that the standing of the proposed organizers is such as to give  
18 assurance that its affairs will be properly administered. If the administrator  
19 approves the articles of incorporation, the administrator shall issue to the  
20 proposed organizers a certificate of approval annexed to the duplicate of  
21 the articles of incorporation and of the bylaws. The articles of  
22 incorporation, with the certificate of approval annexed, shall be executed  
23 and filed and become effective in the manner prescribed in the general  
24 corporation code. The copy of the articles of incorporation filed with the  
25 secretary of state shall be accompanied by the fee prescribed by K.S.A. ~~47-~~  
26 ~~7502~~ 17-7506, and amendments thereto. The articles of incorporation of  
27 any credit union approved as provided in this section by the secretary of  
28 state in the same manner as other domestic corporations are approved  
29 whether or not acted upon by the charter board.

30 Sec. 3. K.S.A. 2018 Supp. 17-2202 is hereby amended to read as  
31 follows: 17-2202. (a) Amendments of the bylaws may be adopted and  
32 amendments of the charter may be requested by the membership pursuant  
33 to K.S.A. 17-2207, and amendments thereto, ~~or by the affirmative vote of~~  
34  ~~$\frac{2}{3}$  of the authorized number of members of the board of directors upon~~  
35 *approval of the board of directors* at any duly held meeting, if the  
36 members of the board have been given prior written notice of the meeting  
37 and the notice has contained a copy of the proposed amendment or  
38 amendments.

39 (b) Except as provided in paragraphs (1) and (2), no amendment to  
40 the bylaws shall become operative until approved by the administrator in  
41 writing, and until a certified copy has been filed as original bylaws are  
42 filed.

43 (1) If the administrator disapproves any proposed amendment, the

1 credit union may appeal the decision in accordance with the Kansas  
2 administrative procedure act.

3 (2) Any proposed amendment shall be deemed to be approved if the  
4 administrator has not acted upon such proposed amendment within 60  
5 calendar days of the date of receipt thereof by the administrator.

6 Sec. 4. K.S.A. 17-2203 is hereby amended to read as follows: 17-  
7 2203. (a) Only credit unions organized under the provisions of the ~~act of~~  
8 ~~which this act is amendatory~~ *state credit union code*, credit unions  
9 organized pursuant to federal law, an association of credit unions, or an  
10 organization, corporation or association whose membership or ownership  
11 is restricted to credit unions or credit union organizations may use any  
12 name, *a website URL* or title ~~which that~~ contains the words "credit union"  
13 or any derivation thereof.

14 (b) Any other use by any person, copartnership, association or  
15 corporation of any name, *or website URL* or title ~~which that~~ contains the  
16 words "credit union" or any derivation thereof and any misrepresentation  
17 as a credit union or conducting of business as a credit union by such  
18 entities shall be a class A misdemeanor and punishable as such. The  
19 administrator, any credit union or any organization, corporation or  
20 association of credit unions described in subsection (a) ~~of this section~~ may  
21 petition a court of competent jurisdiction to enjoin a violation of this  
22 section.

23 Sec. 5. K.S.A. 2018 Supp. 17-2204 is hereby amended to read as  
24 follows: 17-2204. A credit union shall have the following powers:

25 (a) ~~It~~ *A credit union* may receive the savings of its members in  
26 payment for shares, make contracts, sue and be sued, and provide  
27 negotiable checks, money orders, ~~travelers checks~~, any other money type  
28 instruments or transfer methods, safe deposit boxes or similar safekeeping  
29 facilities to its members.

30 (b) ~~It~~ *A credit union* may make loans to members through the credit  
31 committee or authorized loan officer in the way and manner provided in  
32 K.S.A. 17-2201 et seq., and amendments thereto.

33 (c) ~~It~~ *A credit union* may invest, ~~through its board of directors and~~  
34 under written investment policies established by the board:

35 (1) In all types of shares and accounts of a corporate credit union,  
36 ~~located in the state of Kansas and under the supervision of the~~  
37 ~~administrator that is federally insured;~~

38 (2) in shares or accounts of any savings and loan association or  
39 mutual savings bank the accounts of which are insured by an insurer  
40 approved by the state in which ~~it~~ *the savings and loan association or*  
41 *mutual savings bank* operates for guaranteeing the shares or accounts of  
42 such institutions;

43 (3) in the bonds or other obligations of the United States of America,

1 or securities fully guaranteed as to principal and interest thereby;

2 (4) in obligations of, or obligations issued by, any state or political  
3 subdivision thereof, including any agency, corporation or instrumentality  
4 of a state or political subdivision, except that no credit union may invest  
5 more than 10% of its shares, undivided earnings and reserves in the  
6 obligations of any one issuer, exclusive of general obligations of the  
7 issuer; *or*

8 (5) in savings banks, state banks, trust companies and national banks,  
9 the accounts of which are insured by an insurer approved by the state in  
10 which ~~it~~ *the savings bank, state bank, trust company or national bank*  
11 operates for guaranteeing the shares or accounts of such institutions.

12 ~~(6) Unless the administrator authorizes otherwise, the funds of the~~  
13 ~~credit union shall be used first for loans to members and preference shall~~  
14 ~~be given to the smaller loans in the event the available funds do not permit~~  
15 ~~all loans which have been approved by a loan officer or have passed the~~  
16 ~~credit committee to be made.~~

17 (d) ~~A~~ *credit union* may enter into agreements with financial  
18 institutions or organizations for the extension of credit or debit services.

19 (e) ~~A~~ *credit union* may do all things necessary to obtain, continue,  
20 pay for and terminate insurance of its shares and share certificates with the  
21 national credit union share insurance fund or its successor. A credit union  
22 also may do all things necessary to obtain, continue, pay for and terminate  
23 private insurance coverage of its shares and share certificates in excess of  
24 the coverage for such shares and share certificates provided by the national  
25 credit union share insurance fund or its successor. Such excess coverage  
26 shall be obtained from an insurer approved by the commissioner of  
27 insurance.

28 (f) ~~A~~ *credit union* may receive from its members or other insured  
29 credit unions payments on shares and share certificates and may invest its  
30 funds in shares, share certificates or other accounts of insured credit  
31 unions. ~~Except for investments in corporate credit unions, such~~  
32 ~~investments may not exceed 25% of the investing credit unions' shares,~~  
33 ~~undivided earnings and reserves.~~

34 (g) A corporate credit union, as defined by ~~subsection (e) of~~ K.S.A.  
35 17-2231(e), and amendments thereto, may buy and sell investment  
36 securities, as defined by the administrator, but the total amount of such  
37 investment securities of any one obligor or maker held by such credit  
38 union shall at no time exceed 15% of the shares, undivided earnings and  
39 reserves of the credit union, except that this limit shall not apply to  
40 obligations of the United States government or any agency thereof.

41 (h) Credit unions may enter into agreements to discount or sell  
42 student loans made pursuant to federally insured student loan programs  
43 under ~~public law~~ *Pub. L. No. 89-329*, title IV part (b) of the higher

1 education act of 1965 as amended.

2 (i) A credit union may discount or sell to such corporate credit union  
3 or any financial institution or organization any real estate loan made by the  
4 credit union.

5 (j) ~~Credit unions~~ *A credit union* may enter into agreements with a  
6 corporate credit union to discount or sell to such corporate credit union  
7 any obligation of the United States government or any agency thereof, or  
8 of any state, municipality or any agency thereof, if the obligation at the  
9 time of purchase was a legal investment for credit unions.

10 (k) ~~It~~ *A credit union* may provide that shares and share certificates  
11 may be withdrawn for payment to the account holder or to third parties, in  
12 such manner and in accordance with such procedures as may be  
13 established by the board of directors.

14 (l) Every credit union incorporated pursuant to or operating under the  
15 provisions of ~~this act~~ *the state credit union code* may exercise such  
16 powers, including incidental powers, as shall be necessary or requisite to  
17 enable it to carry on effectively the purposes and business for which it is  
18 incorporated.

19 (m) A credit union may receive from the national credit union central  
20 liquidity facility created by title III of the federal credit union act, 12  
21 U.S.C. § 1795 et seq., payments on: (1) Shares ~~which~~ *that* may be issued at  
22 varying dividend rates; (2) share certificates ~~which~~ *that* may be issued at  
23 varying dividend rates and maturities; and (3) investments in any other  
24 accounts of the credit union. A credit union may invest its funds in the  
25 capital stock of the national credit union central liquidity facility.

26 (n) Subject to written guidelines issued by the administrator, a credit  
27 union may purchase notes made by individual borrowers to a financial  
28 institution at such prices as may be agreed upon by the board of directors  
29 of the purchasing credit union. No purchase may be made, however, under  
30 authority of this subsection, unless approved in writing by the  
31 administrator, if, upon the making of that purchase, the aggregate of the  
32 unpaid balances of notes of nonmembers purchased under authority of this  
33 subsection would exceed 5% of the shares, undivided earnings and  
34 reserves of the credit union.

35 (o) Subject to rules and regulations adopted by the administrator, a  
36 credit union, if designated by the administrator as a low-income credit  
37 union, may accept payments to share accounts by nonmembers. Such rules  
38 and regulations shall specify the maximum level of nonmember shares, the  
39 use of such shares, the term of such accounts and other requirements to  
40 address safety and soundness issues. Nonmember account holders ~~do~~ *shall*  
41 not have the same rights and privileges as members.

42 Sec. 6. K.S.A. 17-2204a is hereby amended to read as follows: 17-  
43 2204a. (a) Notwithstanding any other provision contained in the laws of

1 this state providing for investments by credit unions, such credit unions  
2 may invest, ~~through their board of directors and~~ under written investment  
3 policies established by the board, in the bonds, debentures or other similar  
4 obligations issued under the authority of and pursuant to the act of  
5 congress known as the farm credit act of 1971, as amended. The total  
6 amount of such bonds, debentures or other similar obligations of any one  
7 obligor or maker shall at no time exceed 15% of the shares, undivided  
8 earnings and reserves of the credit union.

9 (b) Subject to rules and regulations of the administrator, credit unions  
10 may invest in a credit union services organization, ~~through their board of~~  
11 ~~directors and~~ under written investment policies established by the board, if  
12 the credit union services organization is structured as a corporation,  
13 limited liability company or limited partnership. Subject to rules and  
14 regulations of the administrator, credit unions may make loans to such  
15 credit union services organization, except that any such investment in or  
16 loans to such credit union services organization shall not exceed, in the  
17 aggregate, 2% of the credit union's ~~unimpaired shares, undivided earnings~~  
18 ~~and reserves and undivided earnings~~. "Credit union services organization"  
19 means an organization established to provide operational and financial  
20 services primarily to credit unions.

21 (c) Subject to written guidelines issued by the administrator, a credit  
22 union may invest its funds, ~~through its board of directors and~~ under written  
23 investment policies established by the board, in investment securities  
24 defined by the administrator. Except for obligations of wholly owned  
25 government corporations, or obligations ~~which that~~ provide a return of  
26 principal and interest ~~which that~~ is guaranteed by an agency of the federal  
27 government, the total amount of such investment securities of any one  
28 obligor or maker held by the credit union shall at no time exceed 15% of  
29 the shares, undivided earnings and reserves of the credit union.

30 (d) Except as provided in ~~subsection (g) of~~ K.S.A. 17-2204, and  
31 amendments thereto, a credit union is prohibited from participating  
32 directly or indirectly in: (1) The purchase or sale of a standby  
33 commitment; (2) a futures contract; (3) ~~in~~ adjusted trading; or (4) ~~in~~ a short  
34 sale of a security. A credit union's directors, officials, committee members  
35 and employees, and immediate family members of such individuals, may  
36 not receive pecuniary consideration in connection with the making of an  
37 investment or deposit by the credit union.

38 (e) Nothing contained in this section shall be construed to prohibit  
39 any funds of a credit union from being invested as now provided by law.

40 Sec. 7. K.S.A. 2018 Supp. 17-2206 is hereby amended to read as  
41 follows: 17-2206. (a) Credit unions shall be subject to the exclusive  
42 supervision of the administrator and shall make and keep current such  
43 books and records, prepare reports and establish plans and programs

1 concerning the safety and soundness of the credit union as may be required  
2 by rules and regulations adopted by the administrator and shall make a  
3 report of condition to the administrator at least semiannually, on blank  
4 forms to be supplied by the administrator, notice of which reports shall be  
5 sent out by the administrator. Returns shall be verified under oath of the  
6 president or chairperson of the board, ~~whichever~~ *whomever* has been  
7 elected by the board of directors pursuant to K.S.A. 17-2209, and  
8 amendments thereto, and treasurer, and additional reports may be required  
9 by the administrator. Copies of a current balance sheet shall be furnished  
10 without charge by the administrator to any person upon request. Any credit  
11 union ~~which~~ *that* neglects to make the above reports shall ~~forfeit to the~~  
12 ~~treasurer of the state~~ *be fined* up to \$50 for each day of such neglect at the  
13 discretion of the administrator.

14 (b) Each credit union shall be examined at least once every 18 months  
15 by the administrator or the administrator's duly authorized deputy or agent.  
16 In lieu of any particular examination, the administrator may accept an  
17 examination report made by or under the authority of the national credit  
18 union administration or its successor or successors, by any such other  
19 appropriate federal agency or by an independent auditor or certified public  
20 accountant licensed to do business in the state of Kansas if such audit and  
21 report meet the standards ~~which~~ *that* the administrator may ~~by regulation~~  
22 ~~promulgate~~ *adopt by rules and regulations*. The administrator may order  
23 other examinations, and the administrator's agents shall at all times be  
24 given free access to all books, papers, securities and other sources of  
25 information ~~in~~ *with* respect to the credit union. The administrator shall  
26 have the power to subpoena witnesses, compel their attendance, require  
27 the production of evidence, administer oaths and examine any person  
28 under oath in connection with any subject relating to a duty imposed upon  
29 or a power vested in the administrator. If a credit union neglects to make  
30 the required reports or to pay the charges required, including charges for  
31 delay in filing reports, for 15 days, the administrator shall notify the credit  
32 union of the administrator's intention to revoke the certificate of approval.  
33 If the neglect or failure continues for another 15 days, the administrator  
34 may revoke the certificate of approval and shall cause one of the  
35 administrator's agents to take possession of the business of such credit  
36 union and retain possession until such time as the administrator may  
37 permit such credit union to resume business or its affairs are finally  
38 liquidated.

39 (c) The administrator may issue cease and desist orders or orders for  
40 corrective action or both, ~~made over the administrator's official signature,~~  
41 ~~having determined if the administrator determines~~ that a credit union is  
42 engaged, ~~or has engaged, or is about to engage,~~ in an unsafe or unsound  
43 practice, or is violating, ~~or has violated, or is about to violate,~~ any law,

1 rules and regulations or any condition imposed in writing by the  
2 administrator or any written agreement made with the administrator.

3 (d) If the administrator determines that a credit union is insolvent, is  
4 in a deteriorating condition, as defined in rules and regulations  
5 ~~promulgated~~ *adopted* by the administrator, or, within a reasonable time,  
6 has failed to comply with any order mailed to the last address filed by the  
7 credit union with the administrator, the administrator, as conservator or  
8 liquidating agent, pursuant to any order shall immediately, or within a  
9 reasonable time thereafter, take possession of or appoint an agent to take  
10 possession of the business and property of the credit union and retain  
11 possession, as conservator or as liquidating agent, until such time as the  
12 administrator may permit it to resume business or its affairs are finally  
13 liquidated.

14 (e) The administrator may approve an emergency merger in  
15 accordance with K.S.A. 17-2228, and amendments thereto, without regard  
16 to field of membership or other legal restraints. The credit union to be  
17 merged shall have a current CAMEL rating of 4 or 5, or the recognized  
18 regulatory equivalent thereof as defined in rules and regulations  
19 promulgated by the administrator, and be determined to be  
20 undercapitalized in accordance with regulatory standards as determined by  
21 the administrator by rules and regulations. The field of membership of the  
22 merged credit union will be retained by the continuing credit union  
23 resulting from the merger.

24 (f) Each credit union shall pay to the administrator a fee for  
25 examination, established in accordance with this subsection. Prior to June  
26 1 of each year, the administrator, after advising the credit union council,  
27 shall establish such annual fees as the administrator determines to be  
28 sufficient to meet the budget requirements of the department of credit  
29 unions for the fiscal year beginning July 1. Such fees shall be due and  
30 payable 30 days after receipt of billing from the department of credit  
31 unions.

32 (g) For a corporate credit union, the administrator may accept an  
33 audit report by a certified public accountant in lieu of the credit union  
34 departmental examination of such credit union. If the administrator accepts  
35 a certified public accountant audit in lieu of the administrator's  
36 examination of such corporate credit union, the administrator may assess  
37 such corporate credit union a fee established in accordance with subsection  
38 (f).

39 (h) All administrative proceedings instituted or conducted by the  
40 administrator pursuant to this act shall be conducted in accordance with  
41 the Kansas administrative procedure act, K.S.A. 77-501 et seq., and  
42 amendments thereto.

43 (i) The administrator, as conservator or liquidating agent:



1 (1) By operation of law, shall succeed to all rights, titles, powers and  
2 privileges of the credit union, and of any member, account holder, officer  
3 or director of such credit union with respect to the credit union and the  
4 assets of the credit union;

5 (2) shall take over the assets of and operate the credit union with all  
6 the powers of the members or shareholders, the directors and the officers  
7 of the credit union and shall be authorized to conduct all business of the  
8 credit union;

9 (3) may collect all obligations and money due the credit union;

10 (4) may perform all functions of the credit union in the name of the  
11 credit union which is consistent with the appointment as conservator or  
12 liquidating agent;

13 (5) shall preserve and conserve the assets and property of such credit  
14 union;

15 (6) may fix a reasonable amount for compensation of the conservator  
16 or liquidating agent as an expense of operation or liquidation of the credit  
17 union;

18 (7) may take such actions as may be necessary to put the credit union  
19 in a sound and solvent condition;

20 (8) may take such action as may be appropriate to carry on the  
21 business of the credit union and preserve and conserve the assets and  
22 property of the credit union; and

23 (9) as liquidating agent, place the credit union in liquidation and  
24 proceed to realize upon the assets of the credit union and liquidate such  
25 credit union in accordance with the provisions of K.S.A. 17-2230, and  
26 amendments thereto.

27 (j) A credit union approved to do business in this state under K.S.A.  
28 17-2223a, and amendments thereto, shall pay to the administrator the same  
29 fees for examination that a state-chartered credit union is required to pay  
30 under the provisions of subsection (f). Such fees shall be paid in  
31 accordance with the provisions of subsection (f).

32 Sec. 8. K.S.A. 17-2207 is hereby amended to read as follows: 17-  
33 2207. The credit union fiscal year shall end at the close of business on  
34 December 31. ~~Special meetings of the members may be held by order of~~  
35 ~~the board of directors or the supervisory committee and shall be held on~~  
36 ~~request of 10% of the members. At all meetings each member shall have~~  
37 ~~but one vote, irrespective of the number of shares held. The number of~~  
38 ~~members constituting a quorum for any meeting shall be as specified in the~~  
39 ~~bylaws. No member may vote by proxy, but a member may vote by~~  
40 ~~absentee or mail ballot if the bylaws of the credit union so allow. A society,~~  
41 ~~association, copartnership or corporation having membership in a credit~~  
42 ~~union may be represented by one person, duly authorized by the society,~~  
43 ~~association, copartnership, or corporation to represent it. At any meeting~~

1 ~~the members may decide on any matter of interest to the credit union, may~~  
2 ~~overrule the directors, and, by a <sup>3</sup>/<sub>4</sub> vote of those present, may amend the~~  
3 ~~bylaws, providing the notice of the meeting shall have stated the question~~  
4 ~~to be considered~~ *The annual meeting and any special meetings of the*  
5 *members of the credit union shall be held in accordance with the credit*  
6 *union's bylaws.*

7 Sec. 9. K.S.A. 2018 Supp. 17-2208 is hereby amended to read as  
8 follows: 17-2208. (a) Annually the members of the credit union shall elect  
9 members of a board of directors as shall be provided in the bylaws. The  
10 bylaws shall state the manner of appointment or election of a supervisory  
11 committee. If the bylaws provide for a credit committee, the credit  
12 committee may be appointed by the board of directors or elected by the  
13 members of the credit union. All directors and committee members shall  
14 be chosen from the membership. ~~They~~ *Directors and committee members*  
15 *shall hold their several offices* *office* for such terms as may be provided in  
16 the bylaws ~~and until their successors are elected or appointed and~~  
17 ~~qualified.~~

18 (b) One member of the supervisory committee may be a director  
19 other than the treasurer. Regular terms of supervisory committee members  
20 shall be for such term as shall be provided in the bylaws and until the  
21 selection and qualification of their successors.

22 (c) All members of the board and committees and all officers shall be  
23 sworn and shall hold their several offices for such terms as may be  
24 provided in the bylaws. The oath shall be subscribed by the individual  
25 taking it and certified by the officer before whom it is taken and shall  
26 immediately be transmitted to the administrator and filed and preserved in  
27 the administrator's office.

28 (d) The board of directors may suspend *or remove* any or all members  
29 of the credit and supervisory committees for failure to perform their duties.  
30 *Any vacancy shall be filled in accordance with the credit union's bylaws.*

31 ~~(1) If the bylaws provide for the election of committee members, the~~  
32 ~~suspension shall be effective until the next meeting of the members of the~~  
33 ~~credit union, which meeting shall be held not less than seven nor more~~  
34 ~~than 21 days after such suspension and at which meeting such suspension~~  
35 ~~shall be acted upon by the members of the credit union.~~

36 ~~(2) If the bylaws provide for appointment of the committee members,~~  
37 ~~the suspension shall be effective until acted upon by the board at the next~~  
38 ~~regular or special meeting of the board, which meeting shall be held not~~  
39 ~~less than seven nor more than 21 days after such suspension.~~

40 ~~(e) Any person suspended shall have the right to appear and be heard~~  
41 ~~at the meeting.~~

42 Sec. 10. K.S.A. 17-2209 is hereby amended to read as follows: 17-  
43 2209. (a) At the first meeting and at each first meeting in the fiscal year

1 following the annual meeting of the credit union, the board of directors  
2 shall elect from their own number an executive officer who may be  
3 designated as chairperson of the board or president, a vice-chairperson of  
4 the board or one or more vice-presidents, a treasurer and a secretary, of  
5 whom the last two may be the same individual, and the persons so elected  
6 shall be the executive officers of the corporation. ~~The board of directors  
7 may employ an officer in charge of operations whose title shall be either  
8 president or general manager; or, in lieu thereof, the board of directors  
9 may designate the treasurer or an assistant treasurer to act as the officer in  
10 charge of operations and be in active charge of the affairs of the credit  
11 union.~~

12 (b) ~~The board of directors shall have the general management of the  
13 affairs, funds and records of the corporation, and unless they shall be  
14 specifically reserved to the members it shall be the special duty of the  
15 directors.~~

16 (1) ~~To act upon all applications for membership and on the exclusion  
17 of members. The board of directors may, however, delegate authority to a  
18 membership officer or officers to approve applications for membership  
19 under such conditions as it prescribes not inconsistent with the bylaws or  
20 law of the state. The membership officer or officers may approve but not  
21 reject, applications for membership. All unapproved applications shall  
22 pend until the board acts upon them.~~ *Set the par value of shares, if any, of  
23 the credit union.*

24 (2) ~~To determine, from time to time, rates of interest which shall be  
25 charged on loans and to authorize interest refunds, if any, on such classes  
26 of loans and under such conditions as the board prescribes.~~ *Set the minimum  
27 of shares, if any, required for membership.*

28 (3) ~~To acquire surety bonds, the amount and type of which shall be  
29 subject to the administrator's approval.~~ *Designate those persons or  
30 positions authorized to execute or certify documents or records on behalf  
31 of the credit union.*

32 (4) ~~To fix the maximum number of shares which may be held by, and  
33 the maximum or minimum amount which may be loaned to, any one  
34 member; to establish the policies of the credit union with respect to the  
35 granting of loans and the extending of lines of credit; to set such limits and  
36 balances as required for services which are to be applicable to all members  
37 in a category; and to recommend or approve amendments to the  
38 bylaws.~~ *Authorize the purchase of adequate fidelity and insurance coverage  
39 for officers, directors, committee members and employees and for losses  
40 caused by persons outside the credit union for which the credit union may  
41 be liable.*

42 (5) ~~To fill vacancies on the board of directors and credit committee  
43 until the election and qualification of successors and to fill vacancies in the~~

1 ~~supervisory committee if the bylaws so allow.~~ *Authorize the employment*  
2 *and compensation of the chief executive officer.*

3 (6) ~~To have charge of the investment of funds of the credit union,~~  
4 ~~other than loans to members, except that the board may designate an~~  
5 ~~investment committee or any qualified individual to have charge of~~  
6 ~~investments under conditions established by the board; to authorize~~  
7 ~~donations for civic, charitable, scientific, literary or educational purposes;~~  
8 ~~to set fees and charges for the credit unions' services and to establish~~  
9 ~~policies for their application; and to perform such other duties as the~~  
10 ~~members may, from time to time, authorize.~~ *Approve an annual operating*  
11 *budget for the credit union.*

12 (7) ~~To meet at least six times each year with at least one meeting in~~  
13 ~~each quarter-year period.~~ *Authorize the conveyance of real property.*

14 (8) *Review and approve the annual audit.*

15 (9) *Appoint any committees deemed necessary.*

16 (10) *Establish conditions under which a member may be removed for*  
17 *cause.*

18 (11) *Perform such other duties or authorize any action not*  
19 *inconsistent with the state credit union code.*

20 (c) *In addition, unless delegated, the board shall:*

21 (1) *Establish policies under which the credit union may borrow, lend*  
22 *and invest money to carry on the functions of the credit union.*

23 (2) *Act upon applications for membership in the credit union.*

24 (3) *Establish the loan policies under which loans may be approved.*

25 (4) *Declare dividends on shares and set the rates of interest on*  
26 *deposits.*

27 (5) *Determine the amount that may be loaned to a member, together*  
28 *with the terms and conditions of the loan.*

29 (6) *Approve the charge-off of credit union losses.*

30 (e) (d) ~~No member of the board of directors or of the credit or~~  
31 ~~supervisory committee shall receive any compensation as a member of the~~  
32 ~~board or committee. The provision of reasonable life, health, accident,~~  
33 ~~disability and similar insurance protection for a director or committee~~  
34 ~~member shall not be considered compensation. Directors and committee~~  
35 ~~members, while on official business of the credit union, may be~~  
36 ~~reimbursed for necessary expenses incidental to the performance of the~~  
37 ~~business. The credit union may compensate any director, committee~~  
38 ~~member or officer for loss of salary or wages due to the performance of~~  
39 ~~business on behalf of the credit union. No salary shall be paid to any~~  
40 ~~officer or other employee of a credit union except such as may have been~~  
41 ~~duly approved by the board of directors.~~

42 (d) ~~If provided for in the bylaws, the board of directors may elect an~~  
43 ~~executive committee of not less than three board members. Such executive~~

1 ~~committee shall have and be able to execute such powers, duties and~~  
2 ~~responsibilities of the board of directors as the bylaws may provide at such~~  
3 ~~times other than regular or special meetings of the board of directors.~~  
4 ~~Meetings of the executive committee shall not be counted to fulfill the~~  
5 ~~requirements of paragraph (7) of subsection (b).~~

6 Sec. 11. K.S.A. 2018 Supp. 17-2210 is hereby amended to read as  
7 follows: 17-2210. ~~(a)~~ The credit committee, credit manager, or loan officer  
8 shall have the general supervision of all loans to members. The credit  
9 committee, credit manager or loan officer may approve or disapprove  
10 loans, subject to written policies established by the board of directors. The  
11 president or general manager or a designee thereof may serve as the credit  
12 manager.

13 ~~(b) Any person who is denied a loan by the credit committee, credit~~  
14 ~~manager or loan officer, may appeal the denial of such loan to the board of~~  
15 ~~directors, if the bylaws of the credit union provide for such appeal. Such~~  
16 ~~appeal shall be conducted in the manner provided in the bylaws.~~

17 Sec. 12. K.S.A. 2018 Supp. 17-2211 is hereby amended to read as  
18 follows: 17-2211. (a) The supervisory committee shall supervise the acts  
19 of the board of directors, credit committee and officers. The supervisory  
20 committee may suspend by a  $\frac{2}{3}$  vote any officer of the credit union or any  
21 member of the credit committee or the board of directors, until the next  
22 meeting of the members of the credit union, which meeting shall be held  
23 ~~not less than seven nor more than 21~~ *within 60* days after such suspension  
24 and at which meeting such suspension shall be acted upon by the members  
25 of the credit union. Any person suspended shall have the right to appear  
26 and be heard at the meeting.

27 ~~(b) By a majority vote the supervisory committee may call a meeting~~  
28 ~~of the shareholders to consider any violation of this act or of the bylaws, or~~  
29 ~~any practice of the credit union which, in the opinion of the committee, is~~  
30 ~~unsafe and unauthorized.~~

31 ~~(e)~~ The committee shall fill vacancies in their own number until the  
32 next annual meeting of the members or vacancies shall be filled in such a  
33 manner as is provided in the bylaws.

34 ~~(d)~~(c) Subject to rules and regulations adopted by the administrator,  
35 the supervisory committee shall make or cause to be made a thorough  
36 annual audit of the receipts, disbursements, income, assets and liabilities of  
37 the credit union and shall make a full report to the directors, which report  
38 shall be presented at the annual meeting and shall be filed and preserved  
39 with the records of the credit union. The supervisory committee shall make  
40 or cause to be made such supplementary audits as it deems necessary or as  
41 may be ordered by the administrator, and submit reports of the  
42 supplementary audits to the board of directors. The administrator may  
43 accept in lieu of any required audit, an audit by a certified public

1 accountant or other independent accountant.

2 ~~(e) Subject to rules and regulations adopted by the administrator, the~~  
3 ~~supervisory committee shall make, or cause to be made, a certification of~~  
4 ~~members' accounts using either of the following methods:~~

5 ~~(1) A controlled certification of 100% of members' accounts at least~~  
6 ~~once each two years; or~~

7 ~~(2) a controlled random statistical sampling in accordance with~~  
8 ~~American institute of certified public accountants' guidelines which tests~~  
9 ~~sufficient accounts in number and scope to assure accuracy of the~~  
10 ~~members' accounts at least once each year.~~

11 Sec. 13. K.S.A. 17-2214 is hereby amended to read as follows: 17-  
12 2214. (a) Subject to rules and regulations prescribed by the administrator,  
13 corporate credit unions shall have the following additional powers to:

14 (1) Provide access for its shareholders on a mutual basis to financial  
15 systems and the services and products of financial institutions;

16 (2) provide its shareholders with research and consulting services  
17 concerning financial matters, institutions and products;

18 (3) provide financial system support services and facilities;

19 (4) establish and execute financial programs to assist its shareholders  
20 in meeting their needs;

21 (5) provide safekeeping or trustee services to or on behalf of its  
22 shareholders;

23 (6) issue shares or classes of shares with such terms and conditions as  
24 may vary from other shares authorized by this act as the administrator  
25 shall approve including, but not limited to, and notwithstanding the  
26 provisions of K.S.A. 17-2230, and amendments thereto, the subordination  
27 of such shares to other shares of the credit union ~~and the liability for a~~  
28 ~~designated class of shares to be reduced in accordance with K.S.A. 17-~~  
29 ~~2225, and amendments thereto,~~ without reducing the liability on all other  
30 shares, except that, such shares shall have a redemption priority in  
31 liquidation or termination of membership no earlier than provided to other  
32 shares authorized by this act; and

33 (7) purchase from or sell to its members participation interests in  
34 loans made by the corporate credit union or its members.

35 (b) A corporate credit union may lend to each member no more than  
36 25% of ~~its~~ *the corporate credit union's* assets, except that other credit  
37 unions, operating under the provisions of this act, may lend to each other  
38 only with the approval of the administrator, up to 25% of the shares,  
39 undivided earnings and reserves of the lending credit union.

40 (c) Subject to written policies adopted by its board of directors and  
41 approved by the administrator, a corporate credit union may:

42 (1) Make loans to;

43 (2) receive payments on shares, share certificates or investments in

1 any other account of the corporate credit union from; or

2 (3) invest its funds in shares, stock or obligations of, organizations  
3 established to provide operational and financial services associated with  
4 the routine operations of credit unions.

5 Any investments in the capital stock of or loans to such organizations  
6 shall not exceed, in the aggregate, 2% of such credit union's shares and  
7 unimpaired capital.

8 Sec. 14. K.S.A. 17-2215 is hereby amended to read as follows: 17-  
9 2215. A credit union shall have the power to borrow from any source,  
10 subject to special orders of or in accordance with such rules and  
11 regulations as may be prescribed by the administrator, but the total of such  
12 borrowing shall at no time exceed 50% of the ~~capital, surplus and reserve~~  
13 ~~fund~~ *shares, undivided earnings and reserves* of the borrowing credit  
14 union. Any credit union may discount with or sell to any federal  
15 intermediate credit bank any eligible obligations up to the amount of its  
16 shares and share certificates.

17 Sec. 15. K.S.A. 2018 Supp. 17-2216 is hereby amended to read as  
18 follows: 17-2216. (a) Subject to rules and regulations of the administrator,  
19 a credit union may loan to its members, as provided, for such purposes and  
20 upon such security as the bylaws may provide and the credit committee,  
21 credit manager or duly authorized loan officer shall approve. Loans to  
22 members shall be made in conformity with criteria established by the  
23 board of directors. No loan shall be made in excess of ~~\$500 or~~ 10% of the  
24 credit union's total assets, ~~whichever amount is greater.~~

25 (b) Any loan secured by the insurance or guarantee of, or with  
26 advance commitment to purchase the loan by the federal government, a  
27 state government or any agency of either may be made under the terms and  
28 conditions specified in the law under which such insurance, guarantee or  
29 commitment is provided.

30 Sec. 16. K.S.A. 2018 Supp. 17-2216a is hereby amended to read as  
31 follows: 17-2216a. Subject to rules and regulations of the administrator, a  
32 credit union may make loans to its directors, credit committee members  
33 and supervisory committee members or other members for which the  
34 director or committee member acts as guarantor or endorser who are not  
35 employees only if:

36 (a) Such a loan complies with all lawful requirements under the credit  
37 union law with respect to loans to other borrowers and is not on terms  
38 more favorable than those extended to other borrowers;

39 (b) in the case where, upon the making of the loan, the aggregate of  
40 loans outstanding to the borrower exceeds by ~~\$50,000~~ \$100,000 the total  
41 amount of shares, share certificates and other shareholdings in any credit  
42 union, not otherwise encumbered or pledged, which are pledged as  
43 security for the loans of the borrower, the loan is approved by the credit

1 committee or duly authorized loan officer and the board of directors; and

2 (c) the borrower takes no part in the consideration of the application  
3 and does not attend any committee or board meeting while the application  
4 is under consideration. ~~All such loans shall be reported to the administrator  
5 at least annually.~~

6 Sec. 17. K.S.A. 17-2217 is hereby amended to read as follows: 17-  
7 2217. All entrance fees, transfer fees and charges shall, after the payment  
8 of the organization expenses, be known as reserve income, and shall be  
9 added to the reserve fund of the credit union. At the close of the fiscal year  
10 or each dividend paying period there shall be set apart to the reserve fund,  
11 such sums as are provided for in this section.

12 (a) A credit union shall comply with the reserve requirements of the  
13 national credit union administration rules and regulations, 12 C.F.R. § 702  
14 in effect on the effective date of this act, or any later version as adopted by  
15 the administrator in rules and regulations.

16 (b) ~~A corporate credit union, in lieu of other reserve requirements, at  
17 a minimum, shall set aside an amount equal to the average daily net assets  
18 of the corporate credit union, as defined by the administrator, multiplied by  
19 .0005 and then multiplied by the number of days in the transfer period  
20 divided by 365, until the total amount of the corporate credit union's  
21 reserves, undivided earnings and membership shares equal 4% of the net  
22 assets of the corporate credit union. The administrator may decrease the  
23 amounts required to be set aside by this subsection when in the  
24 administrator's opinion such decrease is necessary or desirable~~ *A corporate  
25 credit union shall comply with the reserve requirements of the national  
26 credit union administration rules and regulations, 12 C.F.R. § 704 in effect  
27 on the effective date of this act, or any later version as adopted by the  
28 administrator in rules and regulations.*

29 (c) The reserve fund shall belong to the credit union and shall be held  
30 to meet losses on loans. Other losses may be charged to the reserve fund  
31 with prior approval of the credit union administrator. The reserve fund  
32 shall not be distributed to the members except upon dissolution of the  
33 credit union.

34 Sec. 18. K.S.A. 2018 Supp. 17-2219 is hereby amended to read as  
35 follows: 17-2219. (a) Any member may be expelled from the credit union:

36 (1) By a  $\frac{2}{3}$  vote of the members present at any regularly called  
37 meeting of the membership; or

38 (2) in accordance with the provisions of subsection (b), by the  
39 president, general manager or any other credit union employee designated  
40 by the board of directors for a member's abuse of member account  
41 privileges, a member's act or failure to act which causes financial loss to  
42 the credit union, a member's failure to purchase shares and utilize loan or  
43 other services of the credit union, or a member's failure to comply with the



1 credit union's adopted policy regarding expulsion. The president or general  
2 manager shall report the expulsion of a member at the next regularly  
3 scheduled board meeting.

4 (b) The board of directors of a credit union may adopt a policy with  
5 respect to expulsion from membership for any reason set forth in  
6 subsection (a)(2). If such a policy is adopted, ~~written~~ notice of the policy  
7 as adopted and effective date of such policy shall be ~~mailed~~ *provided* to  
8 each member of the credit union ~~at the member's current address appearing~~  
9 ~~on the records of the credit union not less~~ *no fewer* than 30 days prior to  
10 the effective date of such policy. In addition, each new member shall be  
11 provided ~~written~~ notice of any such policy prior to or upon applying for  
12 membership. An expelled member shall be informed of the reason for  
13 expulsion and may appeal the expulsion to the board of directors by  
14 making a written request to the board of directors within 30 days of the  
15 expulsion.

16 (c) A member may withdraw from a credit union, as hereinafter  
17 provided, by filing a written notice of such intention. All amounts paid on  
18 shares of an expelled or withdrawing member, with any dividends credited  
19 to the member's shares to the date of expulsion, or withdrawal, shall be  
20 paid to the member, but only as funds become available and after  
21 deducting any amounts due to the credit union by the member. All shares  
22 of an expelled or withdrawing member, with any interest accrued, shall be  
23 paid to the member, subject to 60 days' notice, and after deducting any  
24 amounts due to the credit union by the member. The member, when  
25 withdrawing shares, shall have no further right in the credit union or to any  
26 of its benefits, but such expulsion or withdrawal shall not operate to  
27 relieve such member from any remaining liability to the credit union.

28 Sec. 19. K.S.A. 2018 Supp. 17-2221a is hereby amended to read as  
29 follows: 17-2221a. (a) After first applying for and obtaining the approval  
30 of the administrator, a credit union incorporated under the laws of this  
31 state, may establish and operate one or more branches or relocate an  
32 existing branch, in accordance with its stated field of membership as  
33 approved by the administrator. The application shall include proof of  
34 publication of notice that the applicant credit union intends to file or has  
35 filed an application to establish a branch or relocate an existing branch.  
36 The notice shall be published in a newspaper of general circulation in the  
37 county where the applicant credit union proposes to locate the branch. The  
38 notice shall be in the form prescribed by the administrator and at a  
39 minimum shall contain the name and address of the applicant credit union  
40 and the location of the proposed branch. The notice shall be published on  
41 the same day for two consecutive weeks.

42 (b) (1) If the credit union has a current CAMEL rating of 3, 4 or 5, or  
43 the recognized regulatory equivalent thereof as defined in rules and

1 regulations promulgated by the administrator, the application shall also  
2 contain a solicitation for written comments and provide for a comment  
3 period of not less than 10 days after the date of the second publication.  
4 Upon receipt of the application and following expiration of the comment  
5 period, the administrator may hold a hearing in the county in which the  
6 applicant credit union seeks to operate the branch. The applicant shall  
7 publish notice of the time, date and place of such hearing in a newspaper  
8 of general circulation in the county where the applicant credit union  
9 proposes to locate the branch, not less than 10 nor more than 30 days prior  
10 to the date of the hearing, and proof of publication shall be filed with the  
11 administrator. At any such hearing, all interested persons shall be allowed  
12 to present written and oral evidence to the administrator, or the  
13 administrator's designee, in support of or in opposition to the branch. Upon  
14 completion of a transcript of the testimony given at any such hearing, the  
15 transcript shall be filed in the office of the administrator.

16 (2) If the administrator determines a public hearing is not warranted,  
17 the administrator shall approve or disapprove the application within 15  
18 days after receipt of a complete application but not prior to the end of the  
19 comment period. If a public hearing is held, the administrator shall  
20 approve or disapprove the application within 60 days after consideration of  
21 the complete application and the evidence gathered during the  
22 administrator's investigation. The period for consideration of the  
23 application may be extended if the administrator determines the  
24 application presents a significant supervisory concern. If the administrator  
25 finds that:

26 (A) There is a reasonable probability of usefulness and success of the  
27 proposed branch;

28 (B) the proposed branch is in accordance with the applicant's field of  
29 membership approved by the administrator as set forth in K.S.A. 17-2205,  
30 and amendments thereto; and

31 (C) the applicant credit union's financial condition is sound, including  
32 an analysis of the loan portfolio to ensure that the applicant credit union is  
33 not exceeding the limitation on member business loans provided in 12  
34 U.S.C.—~~Section § 1757a, and amendments thereto,~~ the new branch or  
35 relocation shall be granted, otherwise, it shall be denied.

36 (3) Within 15 days after any final action of the administrator  
37 approving or disapproving an application, the applicant, or any adversely  
38 affected or aggrieved person who provided written comments during the  
39 specified comment period, may request a hearing with the administrator.  
40 Upon receipt of a timely request, the administrator may conduct a hearing  
41 in accordance with the provisions of the Kansas administrative procedure  
42 act. Any decision of the administrator is subject to review in accordance  
43 with the Kansas judicial review act.

1 (c) ~~For purposes of this section:~~

2 (1) ~~"Administrator" shall have the meaning ascribed to it in K.S.A.~~  
3 ~~17-2233, and amendments thereto.~~

4 (2) ~~"Branch" means any office, agency or other place of business~~  
5 ~~located within this state, other than the place of business specified in the~~  
6 ~~credit union's certificate of organization, at which deposits are received,~~  
7 ~~checks paid, or money lent.~~

8 (d) ~~The administrator may adopt rules and regulations necessary to~~  
9 ~~implement this section.~~

10 Sec. 20. K.S.A. 17-2226 is hereby amended to read as follows: 17-  
11 2226. (a) Credit unions may purchase, lease, hold or rent real estate and  
12 improvements thereon for their current or future use and occupancy.  
13 ~~Without the written approval of the administrator, such expenditure shall~~  
14 ~~not exceed 5% of total shareholdings, reserves and undivided earnings.~~

15 (b) A credit union may purchase, rent, hold, contract for, acquire or  
16 lease any material, equipment or service which may be necessary or  
17 incidental to its operation. ~~The aggregate of all such purchases, rentals,~~  
18 ~~holdings, contracts, acquisitions or leases when required by generally~~  
19 ~~accepted accounting principles to be entered as an asset or a liability shall~~  
20 ~~not exceed, when aggregated with amounts expended pursuant to~~  
21 ~~subsection (a) of K.S.A. 17-2226, and amendments thereto, 5% of the~~  
22 ~~credit union's shares, reserves and undivided earnings without the written~~  
23 ~~approval of the administrator.~~

24 (c) A credit union may rent or lease a portion of its building, fixed  
25 assets or property and may acquire, lease, hold, assign, pledge, sell or  
26 otherwise dispose of property or other assets, either in whole or in part,  
27 necessary or incidental to its operations and purposes.

28 Sec. 21. K.S.A. 2018 Supp. 17-2228 is hereby amended to read as  
29 follows: 17-2228. Any credit union, with the approval of the administrator,  
30 may merge with another credit union under the charter of such other credit  
31 union, pursuant to any plan agreed upon by the majority of the board of  
32 directors of each credit union joining in the merger, and approved by the  
33 members of each such credit union organized under the provisions of this  
34 act, either by the affirmative vote of a majority of those members present  
35 at a meeting of its members duly called for such purpose or by the  
36 affirmative vote in writing of a majority of its members who participate in  
37 the vote on the merger plan without a meeting. After such agreement by  
38 the directors and approval of the members of each credit union organized  
39 under the provisions of this act, the president or chairperson of the board  
40 and secretary of each credit union organized under the provisions of this  
41 act, shall execute ~~in triplicate~~, a certificate of merger, ~~which that~~ shall set  
42 forth ~~all of the following~~:

43 (a) The time and place of the meeting of the board of directors at

1 which the plan was agreed upon;

2 (b) the vote in favor of adoption of the plan;

3 (c) a copy of the resolution or other action by which the plan was  
4 agreed upon;

5 (d) the time and place of the meeting of the members at which the  
6 plan agreed upon was approved; and

7 (e) the vote by which the plan was approved by the members.

8 Such ~~certificates, in triplicate~~ *certificate of merger*, a copy of the plan of  
9 merger agreed upon, and any necessary approvals or consents for a  
10 merging credit union organized under the provisions of any other  
11 jurisdiction shall be forwarded to the administrator. Upon receipt of these  
12 documents, the administrator shall determine whether the merger meets the  
13 statutory requirements for field of membership set forth in K.S.A. 17-  
14 2205, and amendments thereto. If the merger is approved, a copy of the  
15 certificate, certified by the administrator, shall be returned to the merging  
16 credit unions within 30 days. The date of certification of the merger by the  
17 administrator shall constitute the date of approval. Upon any such merger  
18 so effected, all property, property rights and interest of the merged credit  
19 union shall vest in the continuing credit union without deed, endorsement  
20 or other instrument of transfer, and all debts, obligations and liabilities of  
21 the merged credit union shall be deemed to have been assumed by the  
22 continuing credit union under whose charter the merger was effected.

23 This section shall be construed, whenever possible, to permit a credit  
24 union chartered under any other act to merge with one chartered under this  
25 act or to permit one chartered under this act to merge with one chartered  
26 under any other act. The charter of the terminating credit union shall, upon  
27 merger, be canceled and voided by operation of law.

28 Sec. 22. K.S.A. 17-2229 is hereby amended to read as follows: 17-  
29 2229. (a) A credit union may sell all or any part of its assets to another  
30 credit union or it may purchase all or any part of the assets of another  
31 credit union in accordance with this section.

32 (b) The purchasing credit union may assume, as part of the purchase  
33 price, any or all of the liabilities of the selling credit union and may pay  
34 the balance in cash or by the issue of shares to the selling credit union of  
35 the members thereof whether or not such members are members of the  
36 purchasing credit union.

37 (c) The selling credit union shall enter into an agreement with the  
38 purchasing credit union containing the terms and conditions of the sale,  
39 ~~and. If the assets being sold are valued at an amount greater than 10% of~~  
40 *either the purchasing credit union's or the selling credit union's total*  
41 *amount of shares, undivided earnings and reserves*, the selling credit union  
42 shall ~~within one (1) month after the agreement is signed~~ file a copy thereof  
43 *of the agreement with the administrator within one month after it is signed.*

1 The agreement shall be approved or disapproved by the administrator  
2 within ~~thirty (30)~~ 30 days, otherwise the same shall be deemed approved.

3 ~~(d) If and when the agreement is approved by the administrator, each~~  
4 ~~of the credit unions shall submit it to a meeting of its shareholders stating~~  
5 ~~the purpose for which the meetings are called.~~

6 ~~(e) If the agreement is approved by the shareholders of each of the~~  
7 ~~credit unions by at least three-fourths ( $\frac{3}{4}$ ) vote of the shareholders present~~  
8 ~~at each meeting, the secretary of each credit union shall certify on the~~  
9 ~~agreement that it has been so approved and shall forward a copy of the~~  
10 ~~agreement so certified to the administrator.~~

11 ~~(f) Upon the approval of the shareholders of each of the credit unions,~~  
12 ~~the agreement is binding on each of the credit unions and the sale shall~~  
13 ~~thereafter be completed as of the effective date specified in the agreement~~  
14 ~~which shall be a date subsequent to the approval by the shareholders of~~  
15 ~~each of the credit unions.~~

16 ~~(g) In the event the agreement does not specify an effective date, the~~  
17 ~~administrator may fix a date upon which it will become effective.~~

18 ~~(h) (e) If the selling credit union has disposed of all assets under the~~  
19 ~~agreement, it shall cease to carry on business on the effective date of~~  
20 ~~agreement, except for the purpose of winding up its affairs, and it shall~~  
21 ~~dissolve as soon as possible thereafter, and all reserves shall go to the~~  
22 ~~purchasing credit union under the terms and conditions of the agreement.~~

23 Sec. 23. K.S.A. 17-2230 is hereby amended to read as follows: 17-  
24 2230. (a) *Voluntary*. At a meeting especially called to consider the matter, a  
25 majority of the entire membership may vote to dissolve the credit union,  
26 provided a copy of the notice was mailed to the administrator at least 10  
27 days prior thereto. Any member not present at such meeting may, within  
28 the next 20 days, vote in favor of dissolution by signing a statement in  
29 form approved by the administrator and such vote shall have the same  
30 force and effect as if cast at such meeting. The credit union shall thereupon  
31 immediately cease to do business except for the purposes of liquidation,  
32 and the executive officer of the board and secretary of the board shall,  
33 within five days following such meeting, notify the administrator of  
34 intention to liquidate and shall include a list of the names of the directors  
35 and officers of the credit union together with their addresses. Any credit  
36 union which has voted to enter into voluntary dissolution may by action of  
37 its board of directors make a written application to the administrator for  
38 the appointment of a liquidating agent and the administrator shall then  
39 exercise such powers of appointment, control and supervision of a  
40 liquidating agent as is provided in K.S.A. 17-2206, and amendments  
41 thereto, and liquidate such credit union in accordance with the provisions  
42 of this section.

43 (b) *Involuntary*. If it shall appear that any credit union is insolvent, or

1 that it has violated any of the provisions of this act, the administrator may  
2 order such credit union to correct such condition and shall grant it a  
3 reasonable time under the circumstances of the case within which to  
4 comply, and failure to do so shall afford grounds for revocation of the  
5 corporate charter or the appointment of a conservator. When the  
6 administrator finds that a credit union is insolvent, the administrator,  
7 pursuant to order, shall become the conservator and may appoint an agent  
8 and require the agent to give such bond as the administrator deems proper.  
9 The administrator also shall fix reasonable compensation for the agent but  
10 the same shall be subject to approval of the district court of the county  
11 wherein such credit union is located upon application of any party in  
12 interest. The administrator may appoint as agent any person, ~~the Kansas~~  
13 ~~credit union league~~, or the insurer or guarantee corporation required under  
14 K.S.A. 17-2246, and amendments thereto, for the credit union involved.  
15 Upon an order of the administrator to liquidate such credit union, such  
16 agent shall follow the liquidation procedure set out herein. Any agent  
17 appointed shall make a complete report to the administrator covering the  
18 acts and proceedings as such agent. The administrator may remove any  
19 agent, with or without cause, and appoint a successor. The agent, under the  
20 direction of the administrator, shall take charge of any insolvent credit  
21 union and all of its assets and property and liquidate the affairs and  
22 business for the benefit of its creditors and shareholders as provided in this  
23 section. The agent may sell or compound all bad and doubtful debts and  
24 sell all the property of any such credit union upon such terms as the  
25 administrator shall approve. The administrator shall have the general  
26 supervision of all the acts of the agent. All claims of creditors and  
27 shareholders must be filed with the agent within one year after the date of  
28 the agent's appointment, and if any shareholder claim or creditor claim is  
29 not so filed then it shall be barred from participation in the estate and  
30 assets of any such credit union. The agent of any insolvent credit union  
31 may borrow money and pledge the assets of such insolvent credit union  
32 but only upon prior written approval of the administrator. At least once  
33 each year the administrator shall examine every credit union in the hands  
34 of an agent and copies of such examination reports shall be available to  
35 any interested shareholder or creditor by written request made to the  
36 administrator. Every agent shall submit the records and affairs of such  
37 credit union to an examination by the administrator or the administrator's  
38 assistant and examiners whenever the agent is requested to do so. The  
39 agent of any credit union shall make reports to the administrator in the  
40 same manner as required of other credit unions.

41 (c) *Liquidating procedure.* The credit union shall continue in  
42 existence for the purpose of discharging its debts, collecting and  
43 distributing its assets, and doing all acts required in order to wind up its

1 business and may sue and be sued for the purpose of enforcing such debts  
2 and obligations until its affairs are fully adjusted.

3 The board of directors, or the liquidating agent shall use the assets of  
4 the credit union to pay in the following order: (1) Expenses incidental to  
5 liquidation including any surety bond that may be required; (2) remaining  
6 liabilities other than shareholdings; and (3) the assets then remaining, if  
7 any, shall be distributed to the savings held by each member or other  
8 shareholder as of the date dissolution was voted.

9 As soon as the board or the liquidating agent determines that all assets  
10 from which there is a reasonable expectancy of realization have been  
11 liquidated and distributed as set forth in this section, they shall execute a  
12 certificate of dissolution on a form prescribed by the administrator and file  
13 same with the register of deeds of the county wherein the credit union had  
14 its registered office, who shall, after recording and indexing same, forward  
15 it to the administrator, whereupon such credit union shall be dissolved. The  
16 administrator shall furnish a copy of the certificate of dissolution to the  
17 secretary of state.

18 Sec. 24. K.S.A. 17-2231 is hereby amended to read as follows: 17-  
19 2231. The following words and terms used in chapter 17; of article 22 of  
20 the Kansas Statutes Annotated, *and amendments thereto*, shall have the  
21 meanings respectively ascribed to them in this section. (a) "Council"  
22 means the credit union council created by this act.

23 (b) "Administrator" means the credit union administrator provided for  
24 in K.S.A. 17-2233, and amendments thereto.

25 (c) "Credit union" means a cooperative, ~~nonprofit~~ *not-for-profit*  
26 association, incorporated for the purpose of creating a source of credit at a  
27 fair and reasonable rate of interest, of encouraging habits of thrift among  
28 its members, and of providing the opportunity for people to use and  
29 control their money for their mutual benefit.

30 (d) "Department" or "credit union department" means the state  
31 department of credit unions established by K.S.A. 17-2234, and  
32 amendments thereto.

33 (e) "Corporate credit union" means a credit union ~~in which no~~  
34 ~~individual may purchase more than \$5 share and from which no individual~~  
35 ~~may borrow money. "Individual" as used in this subsection shall mean~~  
36 ~~natural persons only that is cooperatively organized and owned by its~~  
37 ~~members that offers liquidity, investment, back office processing, deposit~~  
38 ~~and lending facilities and other products and services tailored to the~~  
39 ~~unique needs of its members.~~

40 (f) "~~Nonprofit~~ *Not-for-profit* association" means, for purposes of this  
41 act, an association whose individual operations are not intended to  
42 generate, in the aggregate, an excess of revenues over the sum of expenses,  
43 distribution returns to members, appropriate reserves and capital that are

1 consistent with the credit union's purposes and measured on an ongoing  
2 basis of the credit union as a whole.

3 (g) "Low-income credit union" means a credit union with a field of  
4 membership in which more than one-half earn less than 80% of the  
5 national median household income; or the credit union may document that  
6 more than 50% of its members make less than 80% of the national average  
7 wage.

8 (h) "*Credit union services organization*" means an organization  
9 established to provide operational and financial services to credit unions.

10 (i) "*Federal intermediate credit bank*" means a bank sponsored by  
11 the federal government to provide funds to financial institutions for the  
12 making of agricultural loans.

13 (j) "*Electronic notice*" means notice that is provided in writing and  
14 delivered by electronic means to the electronic mail address specified by  
15 the member for that purpose. A member who provides an electronic mail  
16 address to the credit union for such purposes shall be deemed to have  
17 consented to receive notices and correspondence by electronic means.

18 (k) "*Branch*" means any office, agency or other place of business  
19 located within the state, other than the place of business specified in the  
20 credit union's certificate of organization, at which deposits are received,  
21 checks paid or money lent.

22 Sec. 25. K.S.A. 2018 Supp. 17-2233 is hereby amended to read as  
23 follows: 17-2233. The credit union administrator shall be appointed by the  
24 governor, subject to confirmation by the senate as provided in K.S.A. 75-  
25 4315b, and amendments thereto. Except as provided by K.S.A. 46-2601,  
26 and amendments thereto, no person appointed as administrator shall  
27 exercise any power, duty or function as administrator until confirmed by  
28 the senate. Any person appointed as the administrator shall have at least  
29 three years' actual, practical experience in the operation and management  
30 of a credit union. The administrator shall not be a member of the council.  
31 The governor shall fix the compensation of the administrator. In addition,  
32 the administrator shall be entitled to receive the actual and necessary  
33 expenses incurred in the performance of the administrator's duties. The  
34 administrator shall be in the unclassified service under the Kansas civil  
35 service act. ~~The term of office of the administrator holding office on the~~  
36 ~~effective date of this act shall expire on December 31, 2009. Thereafter,~~  
37 The administrator shall be appointed for a term of four years and until a  
38 successor is appointed and confirmed. If a vacancy occurs, the governor  
39 shall appoint a successor to fill the vacancy for the unexpired term. The  
40 administrator shall attend the meetings of the council and shall have the  
41 general charge of the work of the council and the general supervision of  
42 credit unions. The administrator shall keep a permanent record of all  
43 meetings and proceedings of the council ~~at the office of the administrator.~~



1       Sec. 26. K.S.A. 2018 Supp. 17-2234 is hereby amended to read as  
2 follows: 17-2234. (a) (1) There is hereby established the state department  
3 of credit unions, which shall be under the administrative supervision of the  
4 administrator as directed by law. The administrator may appoint or employ  
5 an attorney to assist the department in its functions under this act, and in  
6 accordance with the civil service law, such special assistants, deputies or  
7 examiners, and other employees, as may be necessary for the purpose of  
8 administering and enforcing the provisions of this act.

9       (2) The administrator is hereby authorized to appoint financial  
10 examiners and ~~an administrative assistant~~ *other staff* who shall be in the  
11 unclassified service under the Kansas civil service act ~~and shall receive an~~  
12 ~~annual salary fixed by the administrator in accordance with an equitable~~  
13 ~~salary schedule established by the administrator and approved by the~~  
14 ~~governor for all unclassified positions. The average of the salaries shall not~~  
15 ~~exceed the average compensation of corresponding state regulatory~~  
16 ~~positions in similar areas. The administrator's salary schedule for~~  
17 ~~unclassified positions shall be reported to the credit union council~~  
18 ~~annually.~~

19       (b) Nothing in subsection (a) shall affect the classified status of any  
20 person employed with the department of credit unions on the day  
21 immediately preceding the effective day of this act.

22       (c) ~~(1) Subject to the provisions of the appropriation acts, the~~  
23 ~~administrator may appoint financial examiners, financial examiner~~  
24 ~~administrators, case managers and a business manager within the~~  
25 ~~department of credit unions as determined necessary by the administrator~~  
26 ~~to effectively carry out the mission of the department. Each financial~~  
27 ~~examiner, financial examiner administrator, case manager or business~~  
28 ~~manager appointed after the effective date of this act shall be in the~~  
29 ~~unclassified service under the Kansas civil service act, shall have special~~  
30 ~~training and qualifications for such positions, shall serve at the pleasure of~~  
31 ~~the administrator and shall receive compensation in accordance with an~~  
32 ~~equitable salary schedule established by the administrator and approved by~~  
33 ~~the governor for all unclassified positions. The administrator shall prepare~~  
34 ~~and maintain an equitable salary schedule for such appointed positions.~~

35       ~~(2) The average of the amount of compensation in the administrator's~~  
36 ~~salary schedule for such appointed positions in the unclassified service~~  
37 ~~shall not exceed the average compensation of corresponding state~~  
38 ~~regulatory positions in similar areas. The administrator's salary schedule~~  
39 ~~for unclassified positions shall be reported to the credit union council~~  
40 ~~annually.~~

41       ~~(d)~~ Each special assistant, deputy, examiner and other such  
42 employees as may be necessary for the purpose of administering and  
43 enforcing the provisions of this act shall submit to a security background

1 check prior to being employed in such position. Upon the commencement  
2 of the interview process, every candidate shall be given a written notice  
3 that a security background check is required. The security background  
4 check shall be limited to criminal history record information as provided  
5 by K.S.A. 22-4701 et seq., and amendments thereto. If the criminal history  
6 record information reveals any conviction of crimes of dishonesty, such  
7 conviction may be used to disqualify a candidate for any position within  
8 the office of the department of credit unions. If the criminal history record  
9 information is used to disqualify a candidate, the candidate shall be  
10 informed in writing of that decision. Upon determining whether to hire or  
11 disqualify a candidate, the candidate's criminal history record information  
12 report shall be destroyed. The candidate's personnel file shall only contain  
13 a statement that a security background check was performed and the date  
14 thereof.

15 (e) (d) The state department of credit unions shall submit an  
16 employment candidate's fingerprints to the Kansas bureau of investigation  
17 and to the federal bureau of investigation for the purpose of determining  
18 whether the applicant has a criminal record.

19 Sec. 27. K.S.A. 2018 Supp. 17-2246 is hereby amended to read as  
20 follows: 17-2246. (a) (1) Every credit union which is organized and  
21 operating under the laws of the state of Kansas, except a corporate credit  
22 union, shall insure the shares of each shareholder of such credit union.

23 (2) Every credit union shall insure the shares of each shareholder of  
24 such credit union with the national credit union share insurance fund,  
25 *NCUSIF*, or its successor.

26 (b) (1) The application for *NCUSIF* insurance shall be filed with the  
27 Kansas-state department of credit unions, then forwarded to the national  
28 credit union administration.

29 (2) Every credit union chartered after the effective date of this act  
30 shall obtain *NCUSIF insurance* coverage prior to commencing business.

31 (3) The administrator may suspend the charter, merge, liquidate, or  
32 take possession of any credit union which fails to comply with the  
33 provisions of this section or which loses or allows such coverage to lapse.

34 (c) Every credit union shall forward a copy of the *NCUSIF* certificate  
35 of insurance to the administrator within 30 days after the credit union  
36 receives the certificate.

37 (d) (1) Every credit union shall take every action legally required to  
38 maintain *NCUSIF* insurance coverage in full force and effect, and shall  
39 refrain or desist from taking any action that is likely to cause termination  
40 of *NCUSIF* insurance coverage.

41 (2) The administrator shall order the merger, consolidation, or  
42 liquidation of any credit union whose *NCUSIF* insurance is terminated.

43 Sec. 28. K.S.A. 2018 Supp. 17-2263 is hereby amended to read as

1 follows: 17-2263. (a) Subject to the provisions of this section and K.S.A.  
2 17-2264, and amendments thereto, an individual adult or minor, hereafter  
3 referred to as the ~~shareholder member~~, may enter into a written contract  
4 with any credit union located in this state providing that the balance of the  
5 ~~shareholder's member's~~ account, or the balance of the ~~shareholder's~~  
6 ~~member's~~ legal share of an account, at the time of death of the ~~shareholder~~  
7 ~~member~~ shall be made payable on the death of the ~~shareholder member~~ to  
8 one or more persons or, if the persons predecease the owner, to another  
9 person or persons, hereafter referred to as the beneficiary or beneficiaries.  
10 If any beneficiary is a minor at the time the account, or any portion of the  
11 account, becomes payable to the beneficiary and the balance, or portion of  
12 the balance, exceeds the amount specified by K.S.A. 59-3053, and  
13 amendments thereto, the moneys shall be payable only to a conservator of  
14 the minor beneficiary.

15 (b) Transfers pursuant to this section shall not be considered  
16 testamentary or be invalidated due to nonconformity with the provisions of  
17 chapter 59 of the Kansas Statutes Annotated, and amendments thereto.

18 (c) Every contract authorized by this section shall be considered to  
19 contain a right on the part of the ~~shareholder member~~ during the  
20 ~~shareholder's member's~~ lifetime both to withdraw funds on deposit in the  
21 account in the manner provided in the contract, in whole or in part, as  
22 though no beneficiary has been named, and to change the designation of  
23 beneficiary. The interest of the beneficiary shall be considered not to vest  
24 until the death of the ~~shareholder member~~ and, if there is a claim pursuant  
25 to K.S.A. 39-709, and amendments thereto, until such claim is satisfied.

26 (d) No change in the designation of the beneficiary shall be valid  
27 unless executed in the form and manner prescribed by the credit union and  
28 delivered to the credit union prior to the death of the ~~shareholder member~~.

29 (e) For the purposes of this section, the balance of the ~~shareholder's~~  
30 ~~member's~~ account or the balance of the ~~shareholder's member's~~ legal share  
31 of an account shall not be construed to include any portion of the account  
32 ~~which that~~ under the law of joint tenancy is the property of another joint  
33 tenant of the account, upon the death of the owner.

34 (f) As used in this section, "person" means any individual, individual  
35 or corporate fiduciary or nonprofit religious or charitable organization as  
36 defined by K.S.A. 79-4701, and amendments thereto.

37 Sec. 29. K.S.A. 17-2268 is hereby amended to read as follows: 17-  
38 2268. Except for persons who are executive officers, an officer or director  
39 of a credit union ~~or federal credit union~~ shall have no personal liability to  
40 the credit union ~~or federal credit union~~ or its members for monetary  
41 damages for breach of duty as an officer or director, except that such  
42 liability shall not be eliminated for: (a) Any breach of the officer's or  
43 director's duty of loyalty to the credit union or its members; (b) acts or

1 omissions which constitute willful or gross and wanton negligent breach of  
2 the officer's or director's duty of care; (c) acts in violation of K.S.A. 17-  
3 2209, and amendments thereto; or (d) any transaction from which the  
4 officer or director derived an improper personal benefit. For purposes of  
5 this section, "executive officer" means the chairperson of the board, the  
6 president, each vice-president, ~~the cashier,~~ the secretary and the treasurer  
7 of a credit union ~~or federal credit union,~~ unless such officer is excluded by  
8 resolution of the board of directors or by the bylaws of the credit union ~~or~~  
9 ~~federal credit union~~ from participation in the policymaking functions of  
10 the credit union ~~or federal credit union,~~ and the officer does not actually  
11 participate in the policymaking functions of the credit union ~~or federal~~  
12 ~~credit union.~~

13 Sec. 30. K.S.A. 17-2201, 17-2203, 17-2204a, 17-2207, 17-2209, 17-  
14 2214, 17-2215, 17-2217, 17-2224, 17-2225, 17-2226, 17-2229, 17-2230,  
15 17-2231, 17-2242 and 17-2268 and K.S.A. 2018 Supp. 17-2202, 17-2204,  
16 17-2206, 17-2208, 17-2210, 17-2211, 17-2216, 17-2216a, 17-2219, 17-  
17 2221a, 17-2228, 17-2233, 17-2234, 17-2246 and 17-2263 are hereby  
18 repealed.

19 Sec. 31. This act shall take effect and be in force from and after its  
20 publication in the statute book.