

HOUSE BILL No. 2252

AN ACT relating to credit unions; concerning the regulation thereof; amending K.S.A. 17-2217 and K.S.A. 2000 Supp. 17-2223a and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 17-2217 is hereby amended to read as follows: 17-2217. All entrance fees, transfer fees and charges shall, after the payment of the organization expenses, be known as reserve income, and shall be added to the reserve fund of the credit union. At the close of the fiscal year or each dividend paying period there shall be set apart to the reserve fund, such sums as are provided for in this section.

~~(a) For any credit union covered by share insurance authorized under the provisions of this act and in operation less than four years or having assets of less than \$500,000, the gross earnings of the credit union shall be determined. From this amount, there shall be set aside, as a regular reserve against losses on loans and against such other losses, sums in accordance with the following schedule: Ten percent of the gross income until the regular reserve shall equal 7½% of the total of outstanding loans and risk assets, then 5% of gross income until the regular reserve shall equal 10% of the total of outstanding loans and risk assets.~~

~~Whenever the regular reserve falls below 10% or 7½% of the total of outstanding loans and risk assets, as the case may be, it shall be replenished by regular contribution in such amounts as may be needed to maintain the reserve goals of 7½% or 10%. In addition to such regular reserve, special reserves to protect the interests of members shall be established when found by the administrator, in any special case, to be necessary for that purpose.~~

~~(b) A credit union covered by share insurance authorized under the provisions of this act and in operation for more than four years and having assets of \$500,000 or more shall set aside 10% of the gross income until the regular reserve shall equal 4% of the total of outstanding loans and risk assets, then 5% of gross income until the regular reserve shall equal 6% of the total of outstanding loans and risk assets.~~

~~Whenever the regular reserve falls below the stated per centum of the total outstanding loans and risk assets, it shall be replenished by regular contributions in such amounts as may be required to maintain the reserve goals. In addition to such regular reserve, special reserves to protect the interests of the members shall be established when found by the administrator, in any special case, to be necessary for that purpose. The administrator may also decrease the reserve requirements set forth in this subsection and subsection (a) when in the administrator's opinion such a decrease is necessary or desirable.~~

~~(c) A corporate credit union, in lieu of other reserve requirements, at a minimum, shall set aside an amount equal to the average daily net assets of the corporate credit union, as defined by the administrator, multiplied by .0005 and then multiplied by the number of days in the transfer period divided by 365, until the total amount of the corporate credit union's reserves, undivided earnings and membership shares equal 4% of the net assets of the corporate credit union. The administrator may decrease the amounts required to be set aside by this subsection when in the administrator's opinion such decrease is necessary or desirable.~~

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

~~(b) A corporate credit union, in lieu of other reserve requirements, at a minimum, shall set aside an amount equal to the average daily net assets of the corporate credit union, as defined by the administrator, multiplied by .0005 and then multiplied by the number of days in the transfer period divided by 365, until the total amount of the corporate credit union's reserves, undivided earnings and membership shares equal 4% of the net assets of the corporate credit union. The administrator may decrease the amounts required to be set aside by this subsection when in the administrator's opinion such decrease is necessary or desirable.~~

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

Sec. 2. K.S.A. 2000 Supp. 17-2223a is hereby amended to read as follows: 17-2223a. (a) *Subject to the rules and regulations of the administrator*, no credit union, except credit unions organized under the laws of the state of Kansas or the “federal credit union act,” 12 U.S.C. 1751 *et seq.*, and amendments thereto, shall do business in this state until it has received the approval of the credit union administrator.

(b) The administrator may require any such credit union to submit at least every 18 months an examination report made by or under the authority of the national credit union administration or its successor or successors, by any such other appropriate federal or state agency or by an independent auditor or certified public accountant. Such report shall meet the standards which the administrator has established.

(c) If after a hearing or an opportunity for a hearing has been given such credit union in accordance with the provisions of the Kansas administrative procedure act, the administrator determines that such credit union has violated any provision of this act, the administrator may revoke such credit union’s authority to do business in this state.

Sec. 3. K.S.A. 17-2217 and K.S.A. 2000 Supp. 17-2223a are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE concurred in
SENATE amendments _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.