

CHAPTER 71
HOUSE BILL No. 2114

AN ACT concerning credit unions; pertaining to investment in a credit union services organization; amending K.S.A. 2006 Supp. 17-2204a and repealing the existing section.

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

Section 1. K.S.A. 2006 Supp. 17-2204a is hereby amended to read as follows: 17-2204a. (a) Notwithstanding any other provision contained in the laws of this state providing for investments by credit unions, such credit unions may invest, through their board of directors and under written investment policies established by the board, in the bonds, debentures or other similar obligations issued under the authority of and pursuant to the act of congress known as the farm credit act of 1971, as amended. The total amount of such bonds, debentures or other similar obligations of any one obligor or maker shall at no time exceed 15% of the shares, undivided earnings and reserves of the credit union.

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

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

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

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

Sec. 2. K.S.A. 2006 Supp. 17-2204a is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

Approved March 28, 2007.
