

SENATE BILL No. 263

By Committee on Financial Institutions and Insurance

1-11

1 AN ACT concerning credit unions; relating to the credit committee of a
2 credit union; amending K.S.A. 17-2208, 17-2210 and 17-2211 and
3 repealing the existing sections.
4

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

6 Section 1. K.S.A. 17-2208 is hereby amended to read as follows: 17-
7 2208. (a) Annually the members of the credit union shall elect members of
8 a board of directors as shall be provided in the bylaws. The bylaws shall
9 state the manner of appointment or election of a supervisory committee
10 ~~and a credit committee. If the bylaws provide for a credit committee, the~~
11 ~~credit committee may be appointed by the board of directors or elected by~~
12 ~~the members of the credit union.~~ All directors and committee members
13 shall be chosen from the membership. They shall hold their several offices
14 for such terms as may be provided in the bylaws and until their successors
15 are elected or appointed and qualified.

16 (b) ~~Unless the number of members of the credit union is less than 11,~~
17 ~~no member of the board shall be a member of either of the committees,~~
18 ~~except the treasurer may serve as a member of the credit committee and~~
19 One member of the supervisory committee may be a director other than
20 the treasurer. Regular terms of supervisory committee members shall be
21 for such term as shall be provided in the bylaws and until the selection and
22 qualification of their successors.

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

29 (d) The board of directors may suspend any or all members of the
30 credit and supervisory committees for failure to perform their duties ~~until~~
31 ~~the next members' meeting, which members' meeting shall be held not less~~
32 ~~than seven nor more than 21 days after such suspension and at which~~
33 ~~meeting such suspension shall be acted upon by the members~~

34 (1) *If the bylaws provide for the election of committee members, the*
35 *suspension shall be effective until the next meeting of the members of the*
36 *credit union, which meeting shall be held not less than seven nor more*

1 *than 21 days after such suspension and at which meeting such suspension*
2 *shall be acted upon by the members of the credit union.*

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

7 *(e) Any person suspended shall have the right to appear and be heard*
8 *at the meeting.*

9 Sec. 2. K.S.A. 17-2210 is hereby amended to read as follows: 17-
10 2210. (a) ~~The credit committee shall approve every loan or advance made~~
11 ~~by the credit union. Every application for a loan shall be in writing and~~
12 ~~shall state the purpose for which the loan is desired and the security, if any,~~
13 ~~offered. Endorsement of a note or assignment of shares or investments in~~
14 ~~any credit union shall be deemed security in the meaning of this section.~~

15 ~~(b) No loan shall be made unless it has received the unanimous~~
16 ~~approval of the members of the credit committee present when the loan~~
17 ~~was considered, which number shall constitute at least a majority of the~~
18 ~~credit committee, nor if any member of the credit committee shall~~
19 ~~disapprove thereof. The credit committee may appoint one or more loan~~
20 ~~officers, who may be the treasurer or an assistant treasurer and delegate to~~
21 ~~such persons power to approve or disapprove loans. Each loan officer~~
22 ~~shall furnish to the credit committee a record of each loan approved or not~~
23 ~~approved by such officer within seven days of the date of the filing of the~~
24 ~~application therefor or the date of the next credit committee meeting,~~
25 ~~whichever is later. All such loans not approved by a loan officer may be~~
26 ~~acted upon by the credit committee. An applicant for a loan may appeal to~~
27 ~~the directors from the decision of the credit committee, if it is so provided~~
28 ~~in the bylaws, and in the way and manner therein provided.~~

29 ~~(c) The credit committee shall meet as often as the business of the~~
30 ~~credit union requires, to consider applications for loans or review the work~~
31 ~~of the loan officers, or both and after due notice has been given to each~~
32 ~~member. The credit committee, credit manager, or loan officer shall have~~
33 ~~the general supervision of all loans to members. The credit committee,~~
34 ~~credit manager or loan officer may approve or disapprove loans, subject~~
35 ~~to written policies established by the board of directors. The president or~~
36 ~~general manager or a designee thereof may serve as the credit manager.~~

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

41 Sec. 3. K.S.A. 17-2211 is hereby amended to read as follows: 17-
42 2211. (a) The supervisory committee shall supervise the acts of the board
43 of directors, credit committee and officers. The supervisory committee

1 may suspend by a unanimous ^{2/3} vote any officer of the credit union or any
2 member of the credit committee or the board of directors, until the next
3 ~~members'~~ meeting *of the members of the credit union*, which ~~members'~~
4 meeting shall be held not less than seven nor more than 21 days after such
5 suspension; and at which meeting such suspension shall be acted upon by
6 the members *of the credit union*. *Any person suspended shall have the*
7 *right to appear and be heard at the meeting.*

8 (b) By a majority vote the supervisory committee may call a meeting
9 of the shareholders to consider any violation of this act or of the bylaws, or
10 any practice of the credit union which, in the opinion of the committee, is
11 unsafe and unauthorized.

12 (c) The committee shall fill vacancies in their own number until the
13 next annual meeting of the members or vacancies shall be filled in such a
14 manner as is provided in the bylaws.

15 (d) Subject to rules and regulations adopted by the administrator, the
16 supervisory committee shall make or cause to be made a thorough annual
17 audit of the receipts, disbursements, income, assets and liabilities of the
18 credit union and shall make a full report to the directors, which report shall
19 be presented at the annual meeting and shall be filed and preserved with
20 the records of the credit union. The supervisory committee shall make or
21 cause to be made such supplementary audits as it deems necessary or as
22 may be ordered by the administrator, and submit reports of the
23 supplementary audits to the board of directors. The administrator may
24 accept in lieu of any required audit, an audit by a certified public
25 accountant or other independent accountant.

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

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

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

35 Sec. 4. K.S.A. 17-2208, 17-2210 and 17-2211 are hereby repealed.

36 Sec. 5. This act shall take effect and be in force from and after its
37 publication in the statute book.

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