

SENATE BILL No. 113

By Committee on Financial Institutions and Insurance

2-4

1 AN ACT concerning credit unions; pertaining to certain loans; amending
2 K.S.A. 17-2216 and 17-2216a and repealing the existing sections.

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

5 Section 1. K.S.A. 17-2216 is hereby amended to read as follows: 17-
6 2216. (a) Subject to rules and regulations of the administrator, a credit
7 union may loan to its members, as provided, for such purposes and upon
8 such security as the bylaws may provide and the credit committee, *credit*
9 *manager* or duly authorized loan officer shall approve. Loans to members
10 shall be made in conformity with criteria established by the board of
11 directors. No loan shall be made in excess of \$500 or 10% of the credit
12 union's total assets, whichever amount is greater. ~~A member who needs~~
13 ~~funds with which to purchase necessary supplies for growing crops may~~
14 ~~receive a loan in fixed monthly installments instead of one sum. A~~
15 ~~borrower may repay the whole or any part of the loan on any day on which~~
16 ~~the office of the credit union is open for the transaction of business, except~~
17 ~~that on a first or second mortgage loan, a credit union may require that any~~
18 ~~partial prepayments be made on the date monthly installments are due and~~
19 ~~be in the amount of that part of one or more monthly installments which~~
20 ~~would be applicable to principal.~~

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

26 Sec. 2. K.S.A. 17-2216a is hereby amended to read as follows: 17-
27 2216a. Subject to rules and regulations of the administrator, a credit union
28 may make loans to its directors, credit committee members and
29 supervisory committee members or other members for which the director
30 or committee member acts as guarantor or endorser who are not employees
31 only if:

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

35 (b) in the case where, upon the making of the loan, the aggregate of
36 loans outstanding to the borrower exceeds by ~~\$20,000~~ \$50,000 the total

1 amount of shares, share certificates and other shareholdings in any credit
2 union, not otherwise encumbered or pledged, which are pledged as
3 security for the loans of the borrower, the loan is approved by the credit
4 committee or duly authorized loan officer and the board of directors; and

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

9 Sec. 3. K.S.A. 17-2216 and 17-2216a are hereby repealed.

10 Sec. 4. This act shall take effect and be in force from and after its
11 publication in the statute book.