

SENATE BILL No. 113

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

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

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

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

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

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

(b) in the case where, upon the making of the loan, the aggregate of loans outstanding to the borrower exceeds by ~~\$20,000~~ \$50,000 the total amount of shares, share certificates and other shareholdings in any credit union, not otherwise encumbered or pledged, which are pledged as security for the loans of the borrower, the loan is approved by the credit committee or duly authorized loan officer and the board of directors; and

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

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

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

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

President of the Senate.

Secretary of the Senate.

Passed the HOUSE _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.