

**17-2204: Powers of credit unions.** A credit union shall have the following powers:

(a) It may receive the savings of its members in payment for shares, make contracts, sue and be sued, and provide negotiable checks, money orders, travelers checks, any other money type instruments or transfer methods, safe deposit boxes or similar safekeeping facilities to its members.

(b) It may make loans to members through the credit committee or authorized loan officer in the way and manner provided in [K.S.A. 17-2201](#) *et seq.*, and amendments thereto.

(c) It may invest, through its board of directors and under written investment policies established by the board:

(1) In all types of shares and accounts of a corporate credit union, located in the state of Kansas and under the supervision of the administrator;

(2) in shares or accounts of any savings and loan association or mutual savings bank the accounts of which are insured by an insurer approved by the state in which it operates for guaranteeing the shares or accounts of such institutions;

(3) in the bonds or other obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby;

(4) in obligations of, or obligations issued by, any state or political subdivision thereof, including any agency, corporation or instrumentality of a state or political subdivision, except that no credit union may invest more than 10% of its shares, undivided earnings and reserves in the obligations of any one issuer exclusive of general obligations of the issuer;

(5) in savings banks, state banks, trust companies and national banks, the accounts of which are insured by an insurer approved by the state in which it operates for guaranteeing the shares or accounts of such institutions.

(6) Unless the administrator authorizes otherwise, the funds of the credit union shall be used first for loans to members and preference shall be given to the smaller loans in the event the available funds do not permit all loans which have been approved by a loan officer or have passed the credit committee to be made.

(d) It may enter into agreements with financial institutions or organizations for the extension of credit or debit services.

(e) It may do all things necessary to obtain, continue, pay for and terminate insurance of its shares and share certificates with the national credit union share insurance fund or its successor. ~~or successors or with an insurer approved by the state commissioner of~~

~~insurance or guarantee corporation approved by the administrator under the provisions of this act for such purpose.~~

(f) It may receive from its members or other insured credit unions payments on shares and share certificates and may invest its funds in shares, share certificates or other accounts of insured credit unions. Except for investments in corporate credit unions, such investments may not exceed 25% of the investing credit unions' shares, undivided earnings and reserves.

(g) A corporate credit union, as defined by subsection (e) of [K.S.A. 17-2231](#), and amendments thereto, may buy and sell investment securities, as defined by the administrator, but the total amount of such investment securities of any one obligor or maker held by such credit union shall at no time exceed 15% of the shares, undivided earnings and reserves of the credit union except that this limit shall not apply to obligations of the United States government or any agency thereof.

(h) Credit unions may enter into agreements to discount or sell student loans made pursuant to federally insured student loan programs under public law 89-329, title IV part (b) of the higher education act of 1965 as amended.

(i) A credit union may discount or sell to such corporate credit union or any financial institution or organization any real estate loan made by the credit union.

(j) Credit unions may enter into agreements with a corporate credit union to discount or sell to such corporate credit union any obligation of the United States government or any agency thereof, or of any state, municipality or any agency thereof, if the obligation at the time of purchase was a legal investment for credit unions.

(k) It may provide that shares and share certificates may be withdrawn for payment to the account holder or to third parties, in such manner and in accordance with such procedures as may be established by the board of directors.

(l) Every credit union incorporated pursuant to or operating under the provisions of this act may exercise such powers, including incidental powers, as shall be necessary or requisite to enable it to carry on effectively the purposes and business for which it is incorporated.

(m) A credit union may receive from the national credit union central liquidity facility created by title III of the federal credit union act, 12 U.S.C. 1795, *et seq.*, payments on: (1) Shares which may be issued at varying dividend rates; (2) share certificates which may be issued at varying dividend rates and maturities; and (3) investments in any other accounts of the credit union. A credit union may invest its funds in the capital stock of the national credit union central liquidity facility.

(n) Subject to written guidelines issued by the administrator, a credit union may purchase notes made by individual borrowers to a financial institution at such prices as may be agreed upon by the board of directors of the purchasing credit union. No purchase may be made, however, under authority of this subsection, unless approved in writing by the administrator, if, upon the making of that purchase, the aggregate of the unpaid balances of notes of nonmembers purchased under authority of this subsection would exceed 5% of the shares, undivided earnings and reserves of the credit union.

(o) Subject to rules and regulations adopted by the administrator, a credit union, if designated by the administrator as a low-income credit union, may accept payments to share accounts by nonmembers. Such rules and regulations shall specify the maximum level of non-member shares, the use of such shares, the term of such accounts and other requirements to address safety and soundness issues. Non-member account holders do not have the same rights and privileges as members.

**History:** L. 1929, ch. 141, § 4; L. 1951, ch. 204, § 1; L. 1955, ch. 138, § 1; L. 1968, ch. 160, § 3; L. 1969, ch. 112, § 56; L. 1971, ch. 75, § 1; L. 1972, ch. 58, § 1; L. 1974, ch. 98, § 1; L. 1975, ch. 136, § 3; L. 1977, ch. 75, § 1; L. 1981, ch. 101, § 2; L. 1982, ch. 103, § 2; L. 1984, ch. 90, § 1; L. 1987, ch. 85, § 1; L. 1992, ch. 225, § 1; L. 1995, ch. 64, § 1; July 1.

**17-2227: Information concerning credit unions; disclosure authorized; otherwise confidential; exceptions.** (a) All information secured or produced by the administrator in making an investigation or examination of any credit union shall be deemed confidential information.

(b) All such confidential information shall be the property of the state of Kansas and shall not be subject to disclosure except upon written approval of the administrator.

(c) Confidential information may be disclosed to federal or state agencies when necessary in the performance of their official duties or functions. No employees of such agencies may disclose such confidential information without express written authorization of the administrator.

~~(d) Confidential information may be disclosed to the private insurer of any credit union regarding the credit union insured by such insurer when necessary in the performance of their official duties or functions. No employees of such private insurer may disclose such confidential information without express written authorization of the administrator.~~

~~(e)~~ (d) Confidential information may be released to other third parties if, in the administrator's determination, good cause exists for the disclosure. The administrator shall give prior notice of intent to disclose such information to the affected credit union. No person or other third party may disclose such confidential information without express written authorization of the administrator.

~~(f)~~ (e) Confidential information shall not otherwise be disclosed except as rendered necessary by law or under order of the court in an action involving credit unions or in criminal actions.

**History:** L. 1963, ch. 140, § 9; L. 1968, ch. 160, § 13; L. 1971, ch. 78, § 1; L. 1975, ch. 136, § 7; L. 1976, ch. 105, § 2; L. 1992, ch. 225, § 11; L. 1993, ch. 26, § 2; July 1.

**17-2246: Share insurance required; conversion to federal**

**insurance required, when.** (a) (1) Every credit union which is organized and operating under the laws of the state of Kansas, except a corporate credit union, shall insure the shares of each shareholder of such credit union.

(2) Every credit union shall insure the shares of each shareholder of such credit union with the national credit union share insurance fund, or its successor, ~~or with an insurer approved by the state commissioner of insurance or guarantee corporation approved by the administrator,~~ for such purpose as hereinafter provided in an amount not less than that provided by the national credit union administration, except that the administrator may grant a reasonable extension of time for compliance therewith under such rules and regulations as the administrator may adopt.

(b) (1) ~~Notwithstanding the provisions of paragraph (2) of subsection (a), every credit union which is organized and operating under the laws of the state of Kansas and not currently insured by the national credit union share insurance fund (NCUSIF), except a corporate credit union, shall make application for insurance with the NCUSIF within 120 days of the effective date of this act.~~

(2) (1) The application for NCUSIF insurance shall be filed with the Kansas state department of credit unions, then forwarded to the national credit union administration.

(3) (2) Every credit union chartered after the effective date of this act shall obtain NCUSIF coverage prior to commencing business.

(4) (3) The administrator may suspend the charter, merge, liquidate, or take possession of any credit union which fails to comply with the provisions of this section or which loses or allows such coverage to lapse.

(c) (1) ~~Notwithstanding the provisions of paragraph (2) of subsection (a), every credit union shall obtain a certificate of insurance from the NCUSIF within 18 months of the effective date of this act.~~

(2) ~~The administrator may extend, for a period up to 18 months, the date by which a credit union must obtain such certificate upon satisfactory evidence that the credit union has made and is making good faith efforts to acquire the coverage.~~

(3) ~~Any credit union which is unable to comply with this subsection shall be liquidated by the administrator, unless the administrator approves the merger or consolidation of such credit union with a NCUSIF insured credit union.~~

(4) ~~Every credit union shall maintain their current share insurance during the conversion process.~~

~~(d)~~ (c) Every credit union shall forward a copy of the NCUSIF certificate of insurance to the administrator within 30 days after the credit union receives the certificate.

~~(e)~~ (d) (1) Every credit union shall take every action legally required to maintain NCUSIF insurance coverage in full force and effect, and shall refrain or desist from taking any action that is likely to cause termination of NCUSIF insurance coverage.

(2) The administrator shall order the merger, consolidation, or liquidation of any credit union whose NCUSIF insurance is terminated.

~~(f) No bylaw amendment of any nonfederal insurer shall be binding upon any Kansas credit union unless and until approved by the Kansas state department of credit unions.~~

**History:** L. 1975, ch. 136, § 1; L. 1981, ch. 103, § 1; L. 1991, ch. 78, § 1; L. 1992, ch. 225, § 23; July 1.

**17-2250: Guarantee corporations; definitions.** As used in K.S.A. 17-2251 through 17-2260, and amendments thereto, the following words and phrases shall have the meanings respectively ascribed to them herein:

(a) "Guarantee corporation" shall mean any person other than an insurance company, approved by the administrator, who contracts with credit unions to guarantee the shares of its members.

(b) "Contract" shall mean any agreement between a guarantee corporation and a credit union in which the guarantee corporation guarantees the shares of the credit union's members in return for investments in and fees paid to the guarantee corporation by the credit union.

(c) "Certificate" shall mean a written document issued by the administrator which authorizes a guarantee corporation to guarantee the shares of credit union members.

(d) "Administrator" shall mean the state credit union administrator.

**History:** L. 1975, ch. 136, § 9; L. 1981, ch. 103, § 2; July 1.

**17-2251: Application of ~~17-2252 through 17-2261~~.** The provisions of ~~K.S.A. 17-2252 through 17-2261~~ shall not apply to the writing of any contract other than those written by a guarantee corporation.

**History:** L. 1975, ch. 136, § 10; July 1.



**17-2252: Certificate required for guarantee corporation to guarantee credit union shares; issuance, when; fee.** (a) No guarantee corporation shall engage in the business of writing contracts under this act without having first obtained a certificate from the administrator.

(b) Certificates shall be issued for one year and shall expire on May 31 of each year, and may be renewed by the administrator upon payment of the renewal fee unless there is, after a hearing or an opportunity for a hearing has been given in accordance with the provisions of the Kansas administrative procedure act, sufficient showing of cause that such certificate should not be renewed. Every certificate holder shall on or before the last day of May pay to the administrator the sum of \$100 as a certificate renewal fee for the succeeding year. Failure to pay such fee shall automatically revoke such certificate but shall not operate to restrict or cancel any contracts made prior to such cancellation.

(c) The administrator shall issue a certificate to a guarantee corporation after:

(1) It files with the administrator: (i) a formal application for the certificate in such form as the administrator requires, executed by its president or other principal officer; (ii) a certified copy of its charter or articles of incorporation and its bylaws; (iii) a verified statement showing all assets, liabilities and surplus, which statement shall be subscribed and sworn to by the president or other principal officer; (iv) the location of the guarantee corporation's office and the name of its legal agent; (v) a copy of the contract to be used; and (vi) any other relevant document that is requested by the administrator;

(2) It pays a certificate fee of \$100 to the administrator;

(3) It complies with the deposit requirements set forth herein;

(4) It maintains funds to guarantee the shares of credit union members in an amount at least equal to or approximately equal to (on a percentage basis) those provided by similar guarantee corporations then in existence in this state or by any federal agency serving similar purposes;

(5) It shall agree and pledge to deposit with the administrator 10% of its assets or \$50,000, whichever is less; and

(6) The administrator is satisfied that the owners, board of directors, officers and employees of such guarantee corporation are of good reputation.

**History:** L. 1975, ch. 136, § 11; L. 1981, ch. 103, § 3; L. 1988, ch. 356, § 52; July 1, 1989.

**17-2253: Suspension or revocation of authority to guarantee shares; hearing.** If the administrator, at any time for good cause shown after a hearing or an opportunity for a hearing has been given to a guarantee corporation in accordance with the provisions of the Kansas administrative procedure act, shall determine that such guarantee corporation has violated any provisions of this act, is insolvent, its assets are less than its liabilities, it refuses to submit to an examination by the administrator or it is transacting business fraudulently, the administrator may thereupon revoke or suspend its authority to write contracts or give warning that such action will occur if the cause or causes of revocation or suspension are not corrected immediately.

**History:** L. 1975, ch. 136, § 12; L. 1981, ch. 103, § 4; L. 1988, ch. 356, § 53; July 1, 1989.

**17-2254: Contract provisions.** Contracts written by a guarantee corporation under the provisions of this act shall provide for:

- (a) The minimum investment required by a credit union;
- (b) Any additional periodic investment required as a condition for continuing the guarantee of credit union member shares and how such investment shall be determined;
- (c) The amount of the guarantee;
- (d) The period for which the guarantee shall be in force and provisions for renewal;
- (e) Cancellation by either the credit union or the guarantee corporation and the return of any unused portion of the investment, if any, with penalties;
- (f) All standards of equipment type and operation which must be met as a condition to a continuing guarantee and how such standards will be determined; and
- (g) Conditions under which payment will be made, and to whom and in what manner payment will be made.

**History:** L. 1975, ch. 136, § 13; July 1.

**17-2255: Investment of funds; funds property of credit unions making payments; withdrawal of funds by credit union, conditions.** All funds invested in a guarantee corporation may be invested in bonds or securities of the United States or any other investment authorized by the administrator. All funds collected and any interest paid thereon by a guarantee corporation shall belong to the credit union which pays in such funds, except that such funds and interest shall not be withdrawn from the corporation unless: (a) A credit union shall obtain similar guarantees from another source; (b) the credit union enters voluntary liquidation; or (c) the credit union no longer is subject to supervision of the credit union administrator of Kansas. Any funds returned to a credit union, the shares of whose members are guaranteed by a guarantee corporation, shall be returned in such a manner as not to endanger the guarantees given to other credit unions by such guarantee corporations. Any funds returned to a credit union shall first be subject to reduction incurred as a result of guaranteeing the shares of credit unions.

**History:** L. 1975, ch. 136, § 14; L. 1981, ch. 103, § 5; July 1.

**17-2256: Agent to write contracts; application for permission; approval, when; fee.** (a) Every guarantee corporation, approved by the administrator, shall write contracts guaranteeing the shares of credit union members only through an agent approved to write such contracts by the administrator. Such agents shall apply to the administrator for permission to write such contracts. The administrator shall grant such authority only after:

(1) The applicant provides such applicant's name, address and social security number;

(2) the administrator is satisfied that the applicant is of good reputation and that the applicant has received training or is otherwise qualified to sell this type of contract; and

(3) the applicant has paid an application fee of \$5.

(b) The approval of such agents shall expire every year on May 31 and may be renewed by the administrator upon the payment of \$5 unless there is, after a hearing or an opportunity for a hearing is given to the agent in accordance with the provisions of the Kansas administrative procedure act, a sufficient showing of cause why the agent should not continue to sell such contracts.

**History:** L. 1975, ch. 136, § 15; L. 1981, ch. 103, § 6; L. 1988, ch. 356, § 54; July 1, 1989.

**17-2257: Records; examination by commissioner; preservation.** (a) Every guarantee corporation shall maintain records of its transactions, and such records shall be open to examination and investigation by the administrator. The guarantee corporation shall bear the expense of such examination and investigation.

(b) The administrator at any time may require any guarantee corporation to bring such records as the administrator may direct to the credit union department for examination.

(c) Every guarantee corporation shall preserve its records of contract transactions for at least five years after making the final entry in any such record. The preservation of records in photographic form shall constitute compliance with the requirement of this subsection.

**History:** L. 1975, ch. 136, § 16; L. 1981, ch. 103, § 7; July 1.

**17-2258: Insuring of guarantee fund.** A guarantee corporation may obtain such guarantees as it deems necessary for the reasonable protection of its guarantee fund and for the benefit of those credit union members whose shares are guaranteed by it. Such guarantees shall be with an insurance company authorized to do business in Kansas or with any other entity which may be approved by the administrator for the specific purpose of guaranteeing the funds of guarantee corporations.

**History:** L. 1975, ch. 136, § 17; L. 1981, ch. 103, § 8; July 1.

**17-2259: Exemption from provisions of other laws.** Guarantee corporations shall be governed by this act and shall be exempt from the provisions of other laws of this state and any law hereafter enacted unless they be expressly designated therein.

**History:** L. 1975, ch. 136, § 18; L. 1981, ch. 103, § 9; July 1.



**17-2261: Violations; penalty.** Any violation of the provisions of K.S.A. 17-2252 through 17-2257 shall be a class C misdemeanor.

**History:** L. 1975, ch. 136, § 20; July 1.

**17-2265: Fees for credit unions insured by guarantee corporations; disposition.** In addition to other fees authorized by law, the credit union administrator shall fix and collect appropriate fees among all state-chartered credit unions which are insured by guarantee corporations regulated by the administrator for the administration of the provisions of K.S.A. 17-2250 to 17-2261, inclusive, and amendments thereto. The credit union administrator shall remit all fees collected under this section to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the credit union fee fund.

**History:** L. 1980, ch. 27, § 69; L. 1981, ch. 103, § 11; L. 2001, ch. 5, § 61; July 1.

**17-2266: Transfer of moneys from guarantee corporations examination fund to credit union fee fund.** On the effective date of this act, the director of accounts and reports shall transfer all the moneys from the guarantee corporations examination fund to the credit union fee fund. On the effective date of this act, all of the outstanding obligations and liabilities of the guarantee corporations examination fund are hereby transferred to and imposed on the credit union fee fund. On the effective date of this act, the guarantee corporations examination fund is hereby abolished.

**History:** L. 1981, ch. 103, § 12; July 1.

**17-2267: Transfer of documents from insurance commissioner to credit union administrator.** On the effective date of this act, all documents previously filed with the state insurance commissioner by any guarantee corporation as a condition for doing business pursuant to this act and then held by the commissioner shall be transferred to the administrator and any deposit held by the commissioner pursuant to this act on behalf of a guarantee corporation shall be transferred to the administrator and the commissioner shall thereafter be relieved of all responsibility for the records, deposit and regulation of such guarantee corporation.

**History:** L. 1981, ch. 103, § 13; July 1.