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

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

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

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

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

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

(1) If the bylaws provide for the election of committee members, the suspension shall be effective until the next meeting of the members of the credit union, which meeting shall be held not less than seven nor more
than 21 days after such suspension and at which meeting such suspension
shall be acted upon by the members of the credit union.

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

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

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

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

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

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

Sec. 3. K.S.A. 17-2211 is hereby amended to read as follows: 17-
2211. (a) The supervisory committee shall supervise the acts of the board
of directors, credit committee and officers. The supervisory committee
may suspend by a \textit{unanimous} 2/3 vote any officer of the credit union or any
member of the credit committee or the board of directors, until the next
members' meeting of the members of the credit union, which members'
meeting shall be held not less than seven nor more than 21 days after such
suspension, and at which meeting such suspension shall be acted upon by
the members of the credit union. Any person suspended shall have the
right to appear and be heard at the meeting.

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

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

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

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

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

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

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

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