

SENATE BILL No. 292

By Committee on Financial Institutions and Insurance

1-18

1 AN ACT concerning financial institutions; relating to credit unions;
2 pertaining to the expulsion of members; amending K.S.A. 17-2219 and
3 repealing the existing section.

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

6 Section 1. K.S.A. 17-2219 is hereby amended to read as follows: 17-
7 2219. (a) Any member may be expelled from the credit union:

8 (1) By a $\frac{2}{3}$ vote of the members present at any regularly called
9 meeting of the membership; or

10 (2) in accordance with the provisions of subsection (b), by the ~~board~~
11 ~~of directors~~ *president, general manager or any other credit union*
12 *employee designated by the board of directors* for a member's abuse of
13 member account privileges, a member's act or failure to act which causes
14 financial loss to the credit union, ~~or a member's failure to purchase shares~~
15 ~~and utilize loan or other services of the credit union, or a member's failure~~
16 ~~to comply with the credit union's adopted policy regarding expulsion.~~ The
17 ~~board of directors~~ *president or general manager* shall report the expulsion
18 of a member at the next regularly scheduled ~~members'~~ board meeting.

19 (b) The board of directors of a credit union may adopt a policy with
20 respect to expulsion from membership for any reason set forth in
21 ~~paragraph (2) of subsection (a)(2).~~ If such a policy is adopted, written
22 notice of the policy as adopted and effective date of such policy shall be
23 mailed to each member of the credit union at the member's current address
24 appearing on the records of the credit union not less than 30 days prior to
25 the effective date of such policy. In addition, each new member shall be
26 provided written notice of any such policy prior to or upon applying for
27 membership. ~~The board of directors of a credit union shall provide the~~
28 ~~member with a notice of expulsion from the membership not less than 30~~
29 ~~days prior to the effective date of the expulsion. Within the thirty-day~~
30 ~~period, the member, by written request, may require the board of directors~~
31 ~~to bring the member's expulsion before the credit union membership at the~~
32 ~~next regularly scheduled members' meeting. If the member makes such~~
33 ~~written request, the board of directors' expulsion of such member shall be~~
34 ~~delayed until the credit union membership votes on such member's~~
35 ~~expulsion as provided under subsection (a).~~ *An expelled member shall be*
36 *informed of the reason for expulsion and may appeal the expulsion to the*

1 *board of directors by making a written request to the board of directors*
2 *within 30 days of the expulsion.*

3 (c) A member may withdraw from a credit union, as hereinafter
4 provided, by filing a written notice of such intention. All amounts paid on
5 shares of an expelled or withdrawing member, with any dividends credited
6 to the member's shares to the date of expulsion, or withdrawal, shall be
7 paid to the member, but only as funds become available and after
8 deducting any amounts due to the credit union by the member. All shares
9 of an expelled or withdrawing member, with any interest accrued, shall be
10 paid to the member, subject to 60 days' notice, and after deducting any
11 amounts due to the credit union by the member. The member, when
12 withdrawing shares, shall have no further right in the credit union or to any
13 of its benefits, but such expulsion or withdrawal shall not operate to
14 relieve such member from any remaining liability to the credit union.

15 Sec. 2. K.S.A. 17-2219 is hereby repealed.

16 Sec. 3. This act shall take effect and be in force from and after its
17 publication in the Kansas register.