AN ACT concerning credit unions; relating to credit union insurance; amending K.S.A. 17-2204, 17-2227 and 17-2246 and repealing the existing sections; also repealing K.S.A. 17-2250, 17-2251, 17-2252, 17-2253, 17-2254, 17-2255, 17-2256, 17-2257, 17-2258, 17-2259, 17-2261, 17-2265, 17-2266 and 17-2267.

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

Section 1. K.S.A. 17-2204 is hereby amended to read as follows: 17-2204. 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 Nonmember account holders do not have the same rights and privileges as members.

Sec. 2. K.S.A. 17-2227 is hereby amended to read as follows: 17-2227. (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)—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.

Sec. 3. K.S.A. 17-2246 is hereby amended to read as follows: 17-2246. (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) The application for national credit union share insurance fund (NCUSIF) insurance shall be filed with the Kansas state department of credit unions, then forwarded to the national credit union administration.

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

(4) 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) 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.

Sec. 4. K.S.A. 17-2204, 17-2227, 17-2246, 17-2250, 17-2251, 17-
2252, 17-2253, 17-2254, 17-2255, 17-2256, 17-2257, 17-2258, 17-2259,
17-2261, 17-2265, 17-2266 and 17-2267 are hereby repealed.

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