

**Article 5.—CREDIT UNION DETERIORATING
CONDITION**

121-5-4. Meaning of insolvent. (a) For purposes of this regulation, the following definitions shall apply:

- (1) “Assets” shall mean all items owned by a credit union, including cash, loans, investments, buildings, equipment, accounts receivable, and repossessed collateral.
- (2) “Liabilities” shall mean all items owed by a credit union, including accounts payable, notes payable, and outstanding checks.

(b) A credit union shall be deemed to be “insolvent,” as that term is used in K.S.A. 17-2206(d) and K.S.A. 17-2230(b) and amendments thereto, if the total amount of the credit union’s shares exceeds the credit union’s assets after accounting for liabilities, unless all of the following conditions are met:

- (1) The administrator of the Kansas department of credit unions determines that the facts that caused the deficient share-asset ratio no longer exist.
 - (2) Further depreciation of the share-asset ratio is not likely.
 - (3) The return of the share-asset ratio to its normal limits within a reasonable time for the credit union is probable.
- (Authorized by K.S.A. 17-2260; implementing K.S.A. 2006 Supp. 17-2206 and K.S.A. 17-2230; effective Dec. 28, 2007.)