

Article 5.--CREDIT UNION DETERIORATING CONDITION

121-5-1. Definitions. For the purpose of this article, the following definitions shall apply.

(a) "Appropriate state official" means the administrator of the Kansas department of credit unions.

(b) "Call report" means a statement of the financial condition of a credit union.

(c) "Credit union" means a credit union, as defined in K.S.A. 17-2231 and amendments thereto, that serves primarily natural person members.

(d) "FISCU" means federally insured state credit union.

(e) "Investment" means any security, obligation, account, or deposit. This term shall not include any loans to members.

(f)(1) "Member business loan" means any loan, line of credit, or letter of credit, including any unfunded commitments, in which the borrower uses the proceeds for commercial, corporate, other business investment property or venture, or agricultural purposes.

(2) "Member business loan" shall not include any of the following:

(A) Any loan fully secured by a lien on a one-family to four-family dwelling that is the member's primary residence;

(B) any loan fully secured by shares in the credit union making the extension of credit or by deposits in other financial institutions;

(C) any loan or loans to a member or an associated member that, in total, are equal to less than \$50,000;

(D) any loan for which a federal or state agency or its political subdivision fully insures repayment, fully guarantees repayment, or provides an advance commitment to purchase in full; or

(E) any loan granted by a corporate credit union to another credit union. (Authorized by K.S.A. 17-2260; implementing K.S.A. 17-2206(d); effective July 7, 1997; amended, T-121-9-6-06, Sept. 6, 2006; amended Dec. 15, 2006.)

121-5-2. (Authorized by and implementing K.S.A. 1996 Supp. 17-2206(d); effective July 7, 1997; revoked, T- 121-9-6-06, Sept. 6, 2006; revoked Dec. 15, 2006.)

121-5-3. Deteriorating condition. (a) A credit union shall be deemed to be in a "deteriorating condition," as that term is used in K.S.A. 17-2206(d) and amendments thereto, if any of the following conditions is met:

(1) The credit union's net worth category declines from well capitalized, adequately capitalized, or undercapitalized to significantly undercapitalized or to critically undercapitalized within a 12-month period.

(2) The credit union's net worth category declines from significantly undercapitalized to critically undercapitalized within a 12-month period.

(3) The credit union's net worth category declines to critically undercapitalized in a manner other than the manner specified in paragraphs (a)(1) and (2).

(b) The following federal regulations, as in effect on November 29, 2002, are hereby adopted by reference:

(1) 12 CFR 702.2, except subsections (b), (c), (h), (i), and (j);

(2) 12 CFR 702.101;

(3) 12 CFR 702.102(a), including table 1. This subsection includes the meanings of the terms "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized";

- (4) 12 CFR 702.103;
- (5) 12 CFR 702.104, including table 2 but excluding the following text:
 - (A) In subsection (a), “(as defined in 12 CFR 723.1 or as approved under 12 CFR 723.20)”;
 - (B) in subsection (b), “as defined in 12 CFR 723.1 or as approved under 12 CFR 723.20”;
 - (C) subsection (c); and
 - (D) in subsection (g), “as defined in 12 CFR 723.1 or as approved under 12 CFR 723.20”;
- (6) 12 CFR 702.105, including table 3;
- (7) 12 CFR 702.106, including table 4;
- (8) 12 CFR 702.107, including table 5; and
- (9) 12 CFR 702.108(a) and (c)(1). (Authorized by K.S.A. 17-2260; implementing K.S.A. 17-2206; effective, T-121-9- 6-06, Sept. 6, 2006; effective Dec. 15, 2006.)