

DATE: June 17, 2019
BULLETIN: 2019-KDCU-CUB-4
TO: Kansas Chartered Credit Unions
SUBJECT: Changes to Kansas Credit Union Act

CHANGES TO KANSAS CREDIT UNION ACT

On April 10, 2019, Governor Laura Kelly signed HB 2101 which was a bill introduced in the 2019 Legislative Session to modernize and update the Kansas Credit Union Act. This bill was the result of work done by a committee of Kansas CEO's and credit union staff assembled by the Heartland Credit Union Association to do a complete review of the state statutes governing Kansas credit unions.

The bill modifies and creates definitions for several items, including "electronic notice." Interestingly enough, the definition of "credit union" had to be corrected to "not-for-profit" after reading "nonprofit" for decades. In the statute relating to written contracts for payment of member accounts to beneficiaries upon a member's death, the bill replaces "shareholder" with "member."

A change in K.S.A. 17-2216a increases the limitation on the aggregate of outstanding loans from \$50,000 to \$100,000 in a provision governing loans to directors, credit committee members and supervisory committee members or other members for which the director or committee acts as a guarantor or endorser and removing the requirement these loans be reported annually to the administrator.

The requirement that written notice of the credit union's expulsion policy be mailed to each member has been removed. K.S.A. 2018 Supp. 17-2219. (This statute was modified in last year's session to allow credit unions more flexibility to expel members.)

With regard to management and oversight, the new law allows vacancies on the credit and supervisory committees to be filled in accordance with the credit union's bylaws. The board of directors will be allowed to remove members of these committees for failure to perform their duties. K.S.A. 2018 Supp. 17-2208. The requirement for employee salaries to be approved by the board has been removed. K.S.A. 17-2209.

K.S.A. 2018 Supp. 17-2211(c), which requires the supervisory committee to "make, or cause to be made," member account certifications has been deleted. However, Kansas federally-insured credit unions remain subject to NCUA Rules and Regulations, Part §715.8, which requires member accounts to be verified by the supervisory committee at least once every two years, pursuant to a method of the credit union's choice, e.g., controlled verification, statistical method, etc.

In a move to truly modernize the act, the requirement to file certificates of merger "in triplicate" has been removed. K.S.A. 2018 Supp. 17-2228.

In total, 27 separate statutes in the Act were modified. For more information, visit the [Kansas Legislature](#) or [Kansas Revisor of Statutes](#) websites. The changes will go in to effect on July 1, 2019.