

17-5401. Capital; shares; obligations; negotiable order of withdrawal accounts; demand accounts. (a) Except as otherwise provided in K.S.A. 17-5413 and 17-5501, and amendments thereto, the capital accumulated may be divided into units of equal value which shall be called shares. Shares may be issued in installments, full paid, prepaid, optional, reserve stock shares or other plans as may be prescribed in the bylaws.

(b) (1) An association may raise capital in the form of such savings deposits, shares or other accounts, for fixed, minimum or indefinite periods of time, all of which are referred to in this section as savings accounts. An association may issue such passbooks, time certificates of deposit or other evidence of savings accounts as are so authorized.

(2) An association may also accept demand accounts. Holders of savings and demand accounts and obligors of an association shall, to such extent as may be provided by its bylaws or by rules and regulations of the commissioner, be members of the association, and shall have voting rights and such other rights as are provided.

(3) Accounts may be subject to check or to withdrawal or transfer on negotiable or transferable or other order or authorization to the association, as the commissioner may provide by rules and regulations.

(4) To such extent as the commissioner may authorize by rules and regulations or advice in writing, an association may borrow, may give security, may be surety as defined by the commissioner and may issue such notes, bonds, debentures or other obligations, or other securities, including capital stock, as the commissioner may so authorize.

(5) (A) An association whose accounts are insured in accordance with the provisions of K.S.A. 17-5824, and amendments thereto, may permit the owner of a deposit or account on which interest or dividends are paid to make withdrawals by negotiable or transferable instruments for the purpose of making transfers to third parties.

(B) Such accounts shall be called negotiable order of withdrawal accounts.

(C) Such accounts shall be subject to such prohibitions, limitations and conditions as the commissioner may prescribe by rules and regulations.

(6) (A) Subject to the terms of its certificate of incorporation, bylaws and rules and regulations of the commissioner, an association may:

(i) Raise funds through such deposit, share, or other accounts, including demand deposit accounts referred to in this paragraph as accounts; and

(ii) issue passbooks, certificates, or other evidence of accounts.

(B) An association may not:

(i) Pay interest on a demand account; or

(ii) permit any overdraft, including an intraday overdraft, on behalf of an affiliate, or incur any such overdraft in such association's account at a federal reserve bank or federal home loan bank on behalf of an affiliate.

All savings accounts and demand accounts shall have the same priority upon liquidation. Holders of accounts and obligors of an association, to such extent as may be provided by its certificate of incorporation, bylaws or by rules and regulations of the commissioner, shall be members of the association and shall have such voting rights and such other rights as are provided.

(C) An association may require not less than 14 days' notice prior to payment of savings accounts if the certificate of incorporation or bylaws of the association or the rules and regulations of the commissioner so provide.

(D) If an association does not pay all withdrawals in full, subject to the right of the association, where applicable, to require notice, the payment of withdrawals from accounts shall be subject to such rules and procedures as may be prescribed by the association's certificate of incorporation or bylaws or by rules and regulations of the commissioner. Except as authorized in writing by the commissioner, any association that fails to make full payment of any withdrawal when due shall be deemed to be in an unsafe or unsound condition.

(E) Accounts may be subject to check or to withdrawal or transfer on negotiable, transferable or other order or authorization to the association, as the commissioner may by rules and regulations provide.

History: L. 1943, ch. 133, § 59; L. 1969, ch. 131, § 1; L. 1981, ch. 105, § 2; L. 1983, ch. 86, § 2; L. 1990, ch. 86, § 1; April 12.