

As Amended by House Committee

Session of 2018

SENATE BILL No. 275

By Committee on Financial Institutions and Insurance

1-11

1 AN ACT concerning ~~the~~ **credit unions; relating to expulsion of**
2 **members;** credit union council; ~~relating to~~ terms of service; two-term
3 limit; amending K.S.A. **17-2219 and** 17-2232 and repealing the
4 existing ~~section~~ **sections.**

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 **Section 1. K.S.A. 17-2219 is hereby amended to read as follows:**
8 **17-2219. (a) Any member may be expelled from the credit union:**

9 **(1) By a ²/₃ vote of the members present at any regularly called**
10 **meeting of the membership; or**

11 **(2) in accordance with the provisions of subsection (b), by the**
12 ~~board of directors~~ *president, general manager or any other credit union*
13 *employee designated by the board of directors* **for a member's abuse of**
14 **member account privileges, a member's act or failure to act which**
15 **causes financial loss to the credit union, ~~or~~ a member's failure to**
16 **purchase shares and utilize loan or other services of the credit union,**
17 *or a member's failure to comply with the credit union's adopted policy*
18 *regarding expulsion. The board of directors president or general manager*
19 **shall report the expulsion of a member at the next regularly scheduled**
20 **members' board meeting.**

21 **(b) The board of directors of a credit union may adopt a policy**
22 **with respect to expulsion from membership for any reason set forth in**
23 ~~paragraph (2) of~~ **subsection (a)(2). If such a policy is adopted, written**
24 **notice of the policy as adopted and effective date of such policy shall**
25 **be mailed to each member of the credit union at the member's current**
26 **address appearing on the records of the credit union not less than 30**
27 **days prior to the effective date of such policy. In addition, each new**
28 **member shall be provided written notice of any such policy prior to or**
29 **upon applying for membership. ~~The board of directors of a credit union~~**
30 ~~shall provide the member with a notice of expulsion from the membership~~
31 ~~not less than 30 days prior to the effective date of the expulsion. Within the~~
32 ~~thirty-day period, the member, by written request, may require the board of~~
33 ~~directors to bring the member's expulsion before the credit union~~
34 ~~membership at the next regularly scheduled members' meeting. If the~~
35 ~~member makes such written request, the board of directors' expulsion of~~
36 ~~such member shall be delayed until the credit union membership votes on~~

1 ~~such member's expulsion as provided under subsection (a)~~ *An expelled*
2 *member shall be informed of the reason for expulsion and may appeal the*
3 *expulsion to the board of directors by making a written request to the*
4 *board of directors within 30 days of the expulsion.*

5 **(c) A member may withdraw from a credit union, as hereinafter**
6 **provided, by filing a written notice of such intention. All amounts paid**
7 **on shares of an expelled or withdrawing member, with any dividends**
8 **credited to the member's shares to the date of expulsion, or**
9 **withdrawal, shall be paid to the member, but only as funds become**
10 **available and after deducting any amounts due to the credit union by**
11 **the member. All shares of an expelled or withdrawing member, with**
12 **any interest accrued, shall be paid to the member, subject to 60 days'**
13 **notice, and after deducting any amounts due to the credit union by the**
14 **member. The member, when withdrawing shares, shall have no**
15 **further right in the credit union or to any of its benefits, but such**
16 **expulsion or withdrawal shall not operate to relieve such member**
17 **from any remaining liability to the credit union.**

18 ~~Section 1.~~ **Sec. 2.** K.S.A. 17-2232 is hereby amended to read as
19 follows: 17-2232. (a) The governor shall appoint a seven-member credit
20 union council. Each member shall be a resident of Kansas. Except as
21 provided by subsection (b), appointments to the council shall be for terms
22 of three years. Five of the persons appointed shall be members in good
23 standing and officers of Kansas state chartered credit unions. Subject to the
24 provisions of K.S.A. ~~1995 Supp.~~ 75-4315c, and amendments thereto, of
25 those five members, the governor shall appoint one from each
26 congressional district and the remainder from the state at large. The
27 council shall elect annually a chairperson, a vice-chairperson and a
28 secretary for a term of one year or until their successors have been
29 appointed and qualified. All members of the council shall serve until their
30 successors have been appointed and qualified. Kansas state chartered
31 credit unions regulated under the provisions of this act may submit
32 annually to the governor, for consideration in making appointments to the
33 credit union council, a list of persons having the prescribed qualifications
34 for membership on the council. The council may adopt such rules and
35 regulations governing the compilation of such list as may be necessary.
36 ~~Vacancies on the council shall be filled for the unexpired term by~~
37 ~~appointment by the governor~~ *In the event of a vacancy on the council, the*
38 *governor shall appoint a new member to fill the unexpired term. The mid-*
39 *term appointment of a new council member to serve an unexpired term*
40 *created by such a vacancy shall not be considered a full term for purposes*
41 *of the two-term limit. Except as otherwise provided, no person shall serve*
42 *more than two consecutive full three-year terms as a member of the*
43 *council. No more than four members of the council shall be from the same*

1 political party.

2 (b) ~~The terms of members who are serving on the council on the~~
3 ~~effective date of this act shall expire on March 15, of the year in which~~
4 ~~such member's term would have expired under the provisions of this~~
5 ~~section prior to amendment by this act. Thereafter Members shall be~~
6 appointed for terms of three years and *serve* until their successors are
7 appointed and qualified.

8 (c) Council meetings shall be on call of a majority of the council or
9 the chairperson. The council shall hold one regular meeting during each
10 quarter of the year, upon such dates and at such places as designated by the
11 council, and may hold such other meetings as the council considers
12 necessary. The majority of the council shall constitute a quorum for doing
13 business. The council may adopt such rules as advisable for conducting
14 business and, until otherwise changed or modified, the council shall abide
15 by Robert's rules of order in conducting business.

16 (d) The council shall serve as an advisor to the administrator on
17 issues and needs of credit unions.

18 Sec. ~~2~~ **3**. K.S.A. **17-2219** and 17-2232 ~~is~~ **are** hereby repealed.

19 Sec. ~~3~~ **4**. This act shall take effect and be in force from and after its
20 publication in the ~~statute book~~ **Kansas register**.