



## KANSAS CREDIT UNION ASSOCIATION

**To: House Financial Institutions Committee**

**From: Haley DaVee, Vice President of Governmental & Public Affairs**

**Date: Thursday, March 1, 2012**

**Re: Support Senate Bill 263**

The Kansas Credit Union Association appreciates the opportunity to appear today in support of Senate Bill 263. The 100 Kansas credit unions are not-for-profit financial cooperatives whose purpose is to serve the financial needs of their 625,000+ member/owners.

Kansas has a strong tradition and presence of state chartered credit unions with 79% of Kansas credit unions holding a state charter. KCUA supports a strong state charter option for credit unions and legislative changes that provide additional clarity and flexibility to credit unions as they operate in Kansas. As such, KCUA supports amendments to KSA 17-2208, 17-2210, and 17-2211 to provide credit unions additional flexibility with their committees and to update some language relating to removal and replacement of committee members.

### Credit Committee Changes

The changes in KSA 17-2208 and 17-2210 remove the statutory requirement for a credit committee, allowing credit unions to choose the option that best serves the needs of their member-owners. The credit committee requirement is outdated and not reflective of today's lending environment—where loans are no longer made on the reputation of the borrower but on lending policies carefully established by the credit union's volunteer board of directors.

Credit unions should have the flexibility to determine what method of making loans is best suited to serve their member-owners efficiently and effectively—whether it's a committee elected by the membership, appointed by the board, or utilizing a loan manager or loan officers. This option should be a decision that is made based on what is in the best interest of the membership and not dictated by statute.

In additional, federal credit union law permits federally chartered credit unions this flexibility and we support providing this same flexibility to state chartered credit unions.

### Committee Vacancies

Current credit union statute requires that any committee vacancies be filled with a special membership meeting held within 7 to 21 days after the vacancy regardless how the vacated spot was originally filled—member elected or board appointed. This change to KSA 17-2208 would distinguish between the two and provide a method of replacement for each one. It will also give suspended persons the right to appear and be heard at the meeting.

### Supervisory Committee Suspension of the Board/Committees

Current statute requires a unanimous vote from the supervisory committee to suspend any member of the board or the credit committee. However, one board member may serve on the supervisory committee creating a situation that may cause a conflict. We support updating KSA 17-2211 to make it a 2/3 vote of the supervisory committee. Though this has not been an issue so far, we would like to remove that possibility.

Thank you again for the opportunity to appear in support of SB 263. I would be happy to stand for questions at the appropriate time.