Opinion No. 74-255

Mr. C. F. Howe  
Assistant Administrator  
State Department of Credit Unions  
234 Kansas Avenue  
Topeka, Kansas 66603  


Dear Mr. Howe:

You request our opinion whether the renewal of a loan by a credit union to an officer of the credit union constitutes a violation of K.S.A. 17-2216, when the amount of a loan renewed exceeds the limitation for the granting of new loans prescribed by the statute for such officers.

K.S.A. 17-2216 provides in part:

"No director, employee or member of the credit or supervisory committee shall be allowed to borrow from the credit union or to become endorser for a borrower in excess of his holdings in the credit union in shares except that a credit union may make loans to its own directors, employees and to members of its own supervisory or credit committee, but all such loans shall be reported to the administrator at least annually, and such a loan may be made only if (a) the loan complies with all lawful requirements under the credit union law with respect to loans to other borrowers and is not on terms more favorable than those extended to other borrowers; (b) upon the making of the loan, the aggregate amount of loans outstanding to the borrower will not exceed by five thousand dollars ($5,000) the total amount of
shareholdings in any credit union, not otherwise encumbered or pledged, which are pledged as security for loans to the borrower; . . . ."

The general rule is stated in *Utica City National Bank v. Gunn*, 118 N.E. 607, 608.

"But loans and discounts in their proper legal meaning do not include renewals. A renewal is not a loan. It is an extension of the time of payment."

Accordingly it is our opinion that the statute is not violated under the facts you relate. We are hopeful the foregoing will be of assistance.

Very truly yours,

VERN MILLER
Attorney General

VM:DRH:bw