



STATE OF KANSAS

Office of the Attorney General

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Curt T. Schneider
Attorney General

August 25, 1978

ATTORNEY GENERAL OPINION NO. 78- 267

Mr. Lovelle Frazier
Administrator
Kansas Department of Credit Unions
535 Kansas Avenue
Topeka, Kansas 66603

Re: Credit Unions--Reserve Requirements--Central Credit
Unions

Synopsis: K.S.A. 1977 Supp. 17-2217(b) authorizes the administrator to prescribe reserve requirements for central credit unions, which requirements shall not exceed five percent of the net income of such central credit unions.

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Dear Mr. Frazier:

You inquire concerning the reserve requirements for central credit unions. Specifically, you ask how much central credit unions must set aside for reserves under K.S.A. 1977 Supp. 17-2217(b).

K.S.A. 1977 Supp. 17-2217(b) provides in pertinent part as follows:

"A central credit union, located in the state of Kansas and under the supervision of the administrator, in which all credit unions in the state of Kansas are eligible for membership, shall not be required to set aside more than five percent (5%) of such net income."

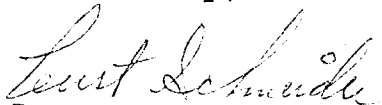
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In addition, K.S.A. 1977 Supp. 17-2206, vests in the Administrator, exclusive supervision of all credit unions within the State. The Administrator's control of central credit unions is further evident from the provisions of K.S.A. 1977 Supp. 17-2204(7).

K.S.A. 1977 Supp. 17-2217 clearly exempts central credit unions from its general set aside requirements. Instead, in our view, it empowers the Administrator to require such central credit unions to set aside an amount not more than 5% of its net income whenever such action is necessary to accomplish the legislative provisions of the Credit Union Act.

Therefore, we conclude, that K.S.A. 1977 Supp. 17-2217 imposes no set aside requirements in and of itself, but empowers the Administrator to impose such requirements within the statutory limitations when such action is warranted.

Yours truly,



CURT T. SCHNEIDER
Attorney General

CTS:JRM:kj