As Amended by Senate Committee

Session of 2026

HOUSE BILL No. 2497

By Committee on Financial Institutions and Pensions

Requested by Representative Hoheisel on behalf of CATALYST

1-21

AN ACT concerning financial institutions; relating to loans; prohibiting the assessment of a prepayment penalty against any party more than six months after the execution of a note evidencing a home loan made primarily for personal, family or household purposes secured by a real estate mortgage; amending K.S.A. 2025 Supp. 16-207 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2025 Supp. 16-207 is hereby amended to read as follows: 16-207. (a) Subject to the following provision, the parties to any bond, bill, promissory note or other instrument of writing for the payment or forbearance of money may stipulate therein for interest receivable upon the amount of such bond, bill, note or other instrument of writing, at a rate not to exceed 15% per annum unless otherwise specifically authorized by law.

(b) No *prepayment* penalty shall be assessed against any party ~~for prepayment of any home loan evidenced by a note secured by a real estate mortgage where such prepayment is made more than six months after execution of such note~~ *more than six months after the execution of a note evidencing a home loan made primarily for personal, family or household purposes secured by a real estate mortgage*.

(c) The lender may collect from the borrower:

(1) The actual fees paid a public official or agency of the state or federal government, for filing, recording or releasing any instrument relating to a loan subject to the provisions of this section; and

(2) reasonable expenses incurred by the lender in connection with the making, closing, disbursing, extending, readjusting or renewing of loans subject to the provisions of this section.

(d) Any person so contracting for a greater rate of interest than that authorized by this section shall forfeit all interest so contracted for in excess of the amount authorized under this section; and in addition thereto shall forfeit a sum of money, to be deducted from the amount due for principal and lawful interest, equal to the amount of interest contracted for in excess of the amount authorized by this section and such amounts may be set up as a defense or counterclaim in any action to enforce the

collection of such obligation and the borrower shall also recover a reasonable attorney fee.

(e) Subsection (a) shall not apply to:

(1) A covered transaction subject to the usury provisions of the Kansas mortgage business act, K.S.A. 9-2201 et seq., and amendments thereto;

(2) a consumer credit transaction subject to the usury provisions of the uniform consumer credit code, K.S.A. 16a-1-101 et seq., and amendments thereto;

(3) loans made by a qualified plan, as defined by the internal revenue code, to an individual participant in such plan or to a member of the family of such individual participant;

(4) a note secured by a real estate mortgage or a contract for deed to real estate when the note or contract for deed permits adjustment of the interest rate, the term of the loan or the amortization schedule; or

(5) a business or agricultural transaction. For the purpose of this section, a "business or agricultural transaction" means a loan, including a note secured by a contract for deed to real estate or a credit sale, which is made primarily for purposes other than personal, family or household purposes.

(f) Subsections (b), (c) and (d) shall not apply to:

(1) A covered transaction under the Kansas mortgage business act, K.S.A. 9-2201 et seq., and amendments thereto; or

(2) a consumer credit transaction under the uniform consumer credit code, K.S.A. 16a-1-101 et seq., and amendments thereto.

Sec. 2. K.S.A. 2025 Supp. 16-207 is hereby repealed.

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