

MINUTES OF THE House COMMITTEE ON Commercial and Financial Institutions

The meeting was called to order by Representative Harold P. Dyck at
Chairperson

3:30 ~~xxx~~ p.m. on February 28, 1983 in room 527-S of the Capitol.

All members were present except:

Representatives Schmidt and Louis, excused

Committee staff present:

Bill Wolff, Research Department
Bruce Kinzie, Revisor of Statutes' Office
Vickie Bender, Secretary

Conferees appearing before the committee:

R. C. Nation, John Deere Co., Sales Manager, Kansas City

The Chairman requested the Committee to discuss HB 2489, concerning interest rates; relating to the Kansas register; amending K.S.A. 1982 Supp. 16-207 and repealing the existing section; also repealing K.S.A. 1982 Supp. 16-207e.

Representative Teagarden made a motion to report HB 2489 favorably for passage. Representative Dillon seconded the motion. Representative Teagarden made an amendment to his original motion by adding consent calendar. Representative Nichols seconded the motion. The motion carried.

Hearings were held on HB 2490, amending the uniform commercial code; relating to priority over unperfected security interest, amending K.S.A. 1981 Supp. 84-9-301 and repealing the existing section.

R. C. Nation, John Deere Co., Sales Manager, appeared as a proponent. He gave testimony on the fact that if the filing requirement were increased from 10 to 20 days it would give them ample time to file financing statements and have a purchase money security interest. (Attachment 1)

The committee had a brief discussion on Mr. Nations presentation. The discussion consisted of clarification.

Representative Ott moved that the minutes of February 17 and 24 be approved as corrected. Representative Nichols seconded the motion and it carried.

The meeting was adjourned by the Chairman at 4:05 p.m.

The next meeting of the committee will be held at 3:30 p.m. on March 1, 1983.

JOHN DEERE COMPANY

3210 EAST 85th STREET, KANSAS CITY, MISSOURI 64132 TEL. 816-361-4000



JOHN DEERE COMPANY RECEIVES APPROXIMATELY 7,000 CONTRACTS EACH YEAR FINANCING FARM MACHINERY AND CONSUMER PRODUCTS FOR OUR KANSAS CUSTOMERS. OUR CONTRACTS ARE WRITTEN BETWEEN THE CUSTOMER AND THE DEALER AND THEY ARE THEN SENT TO US FOR APPROVAL AND FINANCING. WHEN WE RECEIVE THE CONTRACTS, WE FILE THE UCC-1 FINANCING STATEMENTS IN THE COUNTY IN WHICH THE CUSTOMER RESIDES.

WE HAVE 95 FARM EQUIPMENT AND CONSUMER PRODUCTS DEALERS IN THE STATE OF KANSAS. SOME OF THESE DEALERS ARE AS FAR WEST AS TRIBUNE AND SHARON SPRINGS. THE PRESENT REQUIREMENT WHEREBY WE MUST FILE A FINANCING STATEMENT WITHIN 10 DAYS IN ORDER TO PERFECT A PURCHASE MONEY SECURITY INTEREST, MAKES IT DIFFICULT IN MANY CASES FOR US TO OBTAIN A PURCHASE MONEY SECURITY INTEREST. THE MAIL SERVICE BETWEEN MANY OF THE KANSAS DEALERS IS NOT GOOD AND IF THE DEALER DELAYS A DAY OR SO IN MAILING US THE FORMS, ESPECIALLY IF WE RUN INTO A HOLIDAY, THERE ARE TIMES WHEN WE DO NOT OBTAIN A PURCHASE MONEY SECURITY INTEREST EVEN THOUGH THE CUSTOMER INTENDS THAT WE HAVE ONE.

MOST BANKS, FARMERS HOME ADMINISTRATION, PRODUCTION CREDIT ASSOCIATION, AND OTHER LENDERS SUCH AS THIS HAVE BLANKET LIENS FILED AND IF WE ARE NOT FILED WITHIN 10 DAYS, WE OBTAIN A SECOND MORTGAGE AND NOT A PURCHASE MONEY

Attachment 1

C&FI COMMITTEE

2/28/83

JOHN DEERE COMPANY

SECURITY INTEREST AS IT IS INTENDED THAT WE DO HAVE. NOT ONLY IS THIS EXPENSIVE TO US, IT CAN ALSO BE EXPENSIVE AND BURDENSOME TO THE CUSTOMER BECAUSE IN THESE CASES, HE INTENDS FOR US TO HAVE A PURCHASE MONEY SECURITY INTEREST AND SOMETIMES HE FINDS THAT SOMEONE ELSE HAS A LIEN SUPERIOR TO OURS.

IF THE FILING REQUIREMENTS WERE INCREASED FROM 10 DAYS TO 20 DAYS, IT WOULD GIVE US AMPLE TIME TO FILE FINANCING STATEMENTS AND HAVE A PURCHASE MONEY SECURITY INTEREST, AS EVERYONE INTENDS.

IF WE ARE NOT ABLE TO FILE IN TIME, WE MUST RETURN THE CONTRACT TO THE DEALER AND THIS CAN BE EXPENSIVE TO HIM. THIS REVISION WILL HELP US, THE CUSTOMER, AND THE DEALER.

RCN:avd/1M15