

Approved

Date

Clyde Graeber 2/24/87

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

The meeting was called to order by Clyde D. Graeber at
Chairperson

3:30 ~~am~~/p.m. on February 19, 1987 in room 527-Sof of the Capitol.

All members were present except: Norman Justice, Excused.

Committee staff present: Bill Wolff, Research Department
Bruce Kinzie, Revisor of Statutes
June Evans, committee secretary

Conferees appearing before the committee: Lynn Van Aalst, Vice President, Kansas League
of Savings Institutions
Representative James E. Lowther
Mr. James R. Goff, Mortgage Bankers Association
of Greater Kansas City

Chairman Clyde Graeber opened the meeting.

Final action was taken on H.B. 2164. Representative Fred Gatlin moved and Representative Lawrence Wilbert seconded that the bill be moved out of committee favorably. The motion carried.

Hearing on H.B. 2390. Lynn Van Aalst requested an amendment be considered on this bill. In section 1, beginning on line 25, delete "negotiable certificate accounts in bearer form" and add "time deposit accounts in negotiable form". Representative Green moved and Representative Johnson seconded that this bill be amended as requested. (Atch 1.)

Representative Green moved and Representative Roenbaugh seconded that H.B. 2390 be passed out of committee favorably. The motion carried.

Hearing on H.B. 2355. Representative Lowther testified for the bill; an Act relating to home loans; concerning the disclosure of certain information. He stated there was a need for a consumer type bill providing guidelines for lenders to notify the mortgagor in a certain length of time after the actual date of transfer of that action. The notification must include the name, address and telephone number of the entity who will assume responsibility for servicing and accepting payments for the home loan.

Representative Pottorf, co-sponsor of the bill stated there have been some abuses and there is a consumer interest in this type of bill. There are so many mortgages being sold it is believed this is protection for the consumer.

James Goff, Mortgage Bankers Association of Greater Kansas City, stated this is a good bill and recommended some amendments. (Atch II).

Lynn Van Aalst, testified in favor of this bill but is concerned about the \$500.00 automatic penalty if the lender fails to comply with the requirements. If there was a computer break-down it could delay the action and feels there should not be a charge. Minnesota is the only state that has a similar bill to this has amended this section.

Representative Hamm suggested staff input to this problem and Bruce Kinzie suggested than an "inadvertent error portion" could be added.

The committee decided to table action on H.B. 2355 until staff could obtain a copy of Minnesota's amendment. When this amendment is received

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS
room 527-S, Statehouse, at 3:30 ~~am~~/p.m. on February 19, 1987

from Minnesota next week, the committee will discuss this bill further.

The meeting adjourned at 4:20 P.M.

The next meeting will be Tuesday, February 24, 1987.

KLSI Kansas League of Savings Institutions

LYNN G. VAN AALST, Vice President • Suite 612 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

February 20, 1987

TO: HOUSE COMMITTEE ON COMMERCIAL & FINANCIAL INSTITUTIONS
FROM: LYNN VAN AALST, KANSAS LEAGUE OF SAVINGS INSTITUTIONS
RE: H.B. 2390 (NEGOTIABLE CDs; STATE CHARTERED S&LS)

The Kansas League of Savings Institutions appreciates the opportunity to appear before the House Commercial and Financial Institutions Committee in support of H.B. 2390, a conformity bill which would allow state chartered savings and loan associations to offer negotiable certificates of deposit. Federally chartered associations already have the authority to offer this type of instrument.

Under federal regulations, a copy of which is attached, a federal association may enter into a negotiated agreement with a brokerage firm to act as the depository for a pool of CDs marketed by the broker to individuals and/or institutions. The pooled CDs are held in the name of the broker as agent, with the individual CDs insured up to \$100,000 by the FSLIC.

State chartered associations are not authorized by current statute to offer this type of instrument, which places them at a competitive disadvantage with Federally-chartered associations with respect to source of funds. While every association, state or federal, may not choose to offer negotiable CDs, every association should have an equal opportunity to do so. To correct this inequity, the State Savings & Loan Commissioner issued a special order on February 4, 1987, a copy of which is attached.

In order to conform more closely with Kansas statutory definitions, we respectfully request the following amendment:

In section 1, beginning on line 25, delete "negotiable certificate accounts in bearer form" and add "time deposit accounts in negotiable form."

H.B. 2390 would establish statutory authority to equalize the powers of state chartered institutions to those granted federally chartered associations. We respectfully request that the committee report H.B. 2390 favorably for passage.

Lynn Van Aalst
Vice President

LVA:bw
Encl.

ATCHI

¶ 3412

§ 545.13 Account records.

(a) Evidence of ownership and account.

An association shall comply with the requirements found at §§ 563.1 and 563.17-1(c)(8) of the Chapter. Accounts must be evidenced by a written agreement with transactions confirmed by issuance of a receipt or advice.

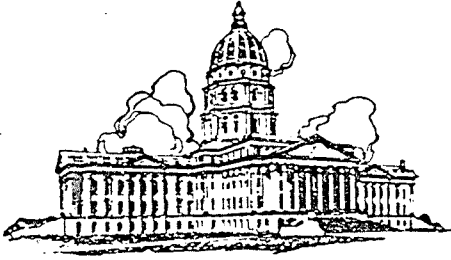
(b) Ownership of record.

(1) **GENERAL RULE.** An association may treat the holder of record of an insured account as the owner, regardless of any notice to the contrary, until the account is transferred on the association's books. Insured accounts shall be transferable only on the association's books on proper application by the transferee and acceptance of the transferee as a member on terms approved by the board of directors.

(2) **EXCEPTION.** Paragraph (b)(1) of this section notwithstanding, an association may issue negotiable certificate accounts in bearer form without recording ownership on the books of the association: *Provided*, That any provisions of the association's charter regarding membership and voting shall not apply to such certificates.

(c) **Use of collecting and paying agent.** An association may authorize any bank that is a member of the Federal Deposit Insurance Corporation or any institution that is a member of the Federal Savings and Loan Insurance Corporation to prepare, sign and deliver evidence of accounts, to collect and transmit funds obtained from those accounts, and to maintain records with respect to such accounts. The association may provide for issuance of duplicate certificates, bond, security and other protection in connection with such activities. An association may also authorize any such institution to pay an account according to its terms.

STATE OF KANSAS



Savings and Loan Department

Room 509
Landon State Office Building
900 Jackson

TOPEKA, KANSAS 66612-1220

MIKE HAYDEN, *Governor*
MARVIN S. STEINERT, *Commissioner*

SPECIAL ORDER OF THE COMMISSIONER

The Savings and Loan Commissioner hereby enters a Special Order pursuant to K.S.A. 17-5601, which provides that the Commissioner may authorize any and all state chartered savings and loan associations to engage in any activity in which such associations could engage were they operating as a federal savings and loan association. The Commissioner hereby finds it is necessary to adopt this Special Order; that federal savings and loan associations may issue time deposit accounts in negotiable form; that this Special Order is reasonably required to preserve and protect the welfare of state chartered savings and loan associations and that it will promote competitive equality of state and federal savings and loan associations. This Special Order hereby grants the following powers to state chartered savings and loan associations to equalize powers granted to federal associations.

Notwithstanding any restrictions contained in the statutes of the State of Kansas, a state chartered savings and loan association may, without limitation, issue time deposit accounts in negotiable form. Any provisions of the associations bylaws and state statutes regarding membership and voting shall not apply to such certificates.

Signed and sealed this 4th Day of February, 1987 at
Topeka, Kansas.

Marvin S. Steinert
Savings and Loan Commissioner
State of Kansas

SEAL

February 19, 1987

Submitted by
James R. Goff & Robert C. Knutson
of
Mortgage Bankers Association of Greater Kansas City

HB 2355

0049 No more than 10 business days after the actual date of
transfer.

0056 (b) The purchasing lender shall issue payment coupons
0057 and provide notification to the mortgagor within 30
days of the first ...

0061 Regarding the servicing of the loan.

0062-65 (Delete)

0071 Section 2. The lender is liable to the mortgagor for
0072 actual damages caused by the violation.
0073