

Approved

Clyde D. Graeber 3/5/87
Date

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 March 3, 1987 in room 527-S of the Capitol.

All members were present except: Norman Justice, Excused; L. V. "Sam" Roper, Excused; Mary Jane Johnson, Excused; and Kenneth Francisco, Absent.

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

Conferees appearing before the committee:

Chairman Clyde Graeber opened the meeting.

Representative J. C. Long, Chairman of the Subcommittee on H. B. 2396 reported he and Representative Tim Shallenburger met with members of the Credit Union League (Representative Hamm was absent) and the subcommittee recommends that H.B. 2396 be passed out of committee favorably as it mirrors the federal law.

Representative Long moved and Representative Gatlin seconded that H.B. 2396 be passed out of committee favorably. The motion carried.

Representative Dillon moved and Representative Sand seconded to remove H. B. 2408 from the table. Representative Gatlin moved and Representative Roenbaugh seconded that H. B. 2408 be moved out of committee favorably. The motion carried.

Chairman Graeber called on Judith K. Stringer, Consumer Credit Commissioner, to speak on H. B. 2323. Commissioner Stringer testified there are no rules or regulations whatsoever in this bill. If the bill is passed, feels that next year rules and regulations would have to be set forth. She feels there could be problems with this bill.

After discussion by the committee, it was felt there is really no need for this bill as this service is offered to customers of many financial institutions free of charge. No action was taken on this bill.

The committee discussed H. B. 2355; relating to home loans, concerning the disclosure of certain information. There have been some problems in the past and the committee feels this is a good bill and could be of benefit to consumers. Representative Roenbaugh moved and Representative Long seconded that line 49 be amended to read, "no more than 10 business days after the actual date of transfer."

Representative Gatlin moved and Representative Eckert seconded that Section 3 be amended (Attachment I).

Bruce Kinzie, Revisor of Statutes, spoke to an amendment regarding "escrow account", be added to H.B. 2355. Each lender requiring funds of a mortgagor to be paid into an escrow account for payment of taxes of insurance premiums with respect to a home located in this state shall make payments for the taxes or insurance from the escrow account in a timely manner. (Attachment II).

Representative Green moved and Representative Shallenburger seconded this amendment be accepted to H. B. 2355. The motion carried.

Representative Roenbaugh moved and Representative Sand seconded that H. B. 2355 be moved out of committee favorably. The motion carried.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

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

Representative Ott moved to remove H. B. 2397 from the table.

Representative Shallenburger moved and Representative Sand seconded that H. B. 2397, an act amending the uniform consumer credit code, relating to additional charges; worthless checks; amending K.S.A. 16a-2-501 and repealing the existing section be passed out favorably. The motion carried.

The minutes of the March 2, 1987, meeting were approved.

The meeting adjourned at 4:50 P.M.

The next meeting will be March 4, 1987.

MINNESOTA AMENDMENT

Amendment to H.B. 2355

Section 3, beginning on line 71, strike "\$500 per occurrence, in addition to".

Section 3, on line 73, after the period, add "In addition, the lender is liable to the mortgagor for \$500 per occurrence if the violation of Section 2 or 3 was due to the lender's failure to exercise reasonable care."

POSSIBLE AMENDMENT

If a lender fails to comply with the requirements of Section 2, and said failure to comply was due to the lenders failure to exercise reasonable care, the lender is liable to the mortgagor for \$500.00 per occurrence, in addition to actual damages caused by the failure to comply.

ATCH 1

PROPOSED AMENDMENTS TO H.B. NO. 2355

(h) "escrow account" means escrow, agency or similar account for the payment of taxes or insurance premiums with respect to a home loan.

Sec. 3. Each lender requiring funds of a mortgagor to be paid into an escrow account for payment of taxes or insurance premiums with respect to a home located in this state shall make payments for the taxes or insurance from the escrow account in a timely manner as these obligations become due provided that funds paid into the account by the mortgagor are sufficient for the payment. If there is a shortage of funds, the lender shall promptly notify the mortgagor of the shortage. If the lender fails to make timely payments, the lender is liable to the mortgagor for actual damages caused by the failure to pay the amounts when due and is subject to penalties provided in section ____, except that the lender may present any legal defense in any subsequent hearing. The lender is permitted to make a payment on behalf of the mortgagor even though there are not sufficient funds in a particular escrow account to cover the payment.

(ATCH II)