

Approved 5-2-91
Date

MINUTES OF THE House COMMITTEE ON Judiciary

The meeting was called to order by Representative John M. Solbach at
Chairperson

3:30 ~~am~~/p.m. on March 18,, 1991 in room 514-S of the Capitol.

All members were present except:

Representatives Douville, Allen, Gomez, Vancrum and Gregory who were excused.

Committee staff present:

Jerry Donaldson, Legislative Research
Jill Wolters, Office of Revisor of Statutes
Gloria Leonhard, Secretary to the Committee

Conferees appearing before the committee:

David E. Retter, City Attorney for Concordia and Glen Elder, Kansas
Representative Bill Roy
Representative Betty Jo Charlton
Noelle St. Clair, representing Housing and Credit Counseling, Inc.
Professor Edward P. Dutton, Lawrence, Ks.
Julia Pitner, Executive Director of Consumer Affairs Assoc., Douglas County
Susan Kennard, President of Green Acres Mobile Home Park Tenants' Assoc.
Paul Shelby, representing Office of Judicial Administration
Ron Smith, representing the Kansas Bar Association
Terry Humphrey, Executive Director, Kansas Manufactured Housing Assoc.
Senator Sheila Frahm
Jim S. Maag, Senior Vice President, Kansas Bankers Assoc.
Carolyn A. Adams, Vice President and General Counsel, Bank IV, Topeka
Senator Nancy Parrish

The Chairman called for hearing on SB 259, public trust; property tax revenues.

David E. Retter, City Attorney for Concordia and Glen Elder, Kansas, appeared in support of SB 259. (See Attachment # 1).

There being no further conferees, the hearing on SB 259 was closed.

The Chairman called for hearing on HB 2547, mobile home parks residential landlord and tenant act.

Representative Bill Roy appeared in support of HB 2547 (See Attachment # 2) and reviewed background of the bill.

Committee questions followed.

Representative Betty Jo Charlton, appeared in support of HB 2547 (See Attachment # 3).

Committee questions followed.

Noelle St. Clair, representing Housing and Credit Counseling, Inc. appeared in support of HB 2547. (See Attachment # 4).

Committee questions followed.

Professor Edward P. Dutton, a Lawrence, Kansas, resident, appeared in support of HB 2547 and presented a packet of background materials which outline the problems to be solved by legislation of HB 2547. (See Attachment # 5).

There were no committee questions.

Julia Pitner, Executive Director of the Consumer Affairs Association of Douglas

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Judiciary,

room 514-S, Statehouse, at 3:30 ~~xxx~~ p.m. on March 18, 1991

County, appeared in support of HB 2547. Ms. Pitner said the Kansas Consumer Protection Act does not assist the complicated landlord-tenant situation. Ms. Pitner said on Page 6, Section 12, Lines 2 and 3, the amount of deposit should be limited to one month.

Committee questions followed.

Susan Kennard, President of the Green Acres Mobile Home Park Tenants' Association, appeared in support of HB 2547 and presented written testimony originally submitted to the Lawrence City Council Commission in January, along with updated remarks. (See Attachment # 6).

There were no committee questions.

Paul Shelby, representing the Office of Judicial Administration, appeared to point out incompatible provisions of the act created by HB 2547. Mr. Shelby requested that the words "for damages" be inserted after "action" on Line 35, Page 1. (See Attachment # 7).

Committee questions followed.

Ron Smith, representing the Kansas Bar Association, appeared not in opposition to the concept of HB 2547, but to note that new law takes time; that the KBA would suggest Section 5 (a) dealing with jurisdiction refer to KSA 5825-42 the jurisdiction of the courts procedure under the residential landlord tenant act, which gets into Chapter 61 without tying into other provisions of the residential landlord-tenant act; that Section 5 (b) (long-arm jurisdiction) is also covered under KSA 61-1904. (No written testimony was furnished.)

There were no committee questions.

Terry Humphrey, Executive Director, Kansas Manufactured Housing Association, appeared in support of HB 2547 but recommended amendments. (See Attachment # 8). Ms. Humphrey provided a balloon bill showing desired changes. (See Attachment # 9).

Ms. Humphrey presented written testimony from Rod Taylor, President of South Village, Inc., a manufactured home community in Topeka. (See Attachment # 10).

There being no further conferees, the hearing on HB 2547 was closed.

The Chairman appointed a sub-committee to further study the issues of HB 2547. Sub-committee members are: Representative Macy, Chairman; Representative Gregory and Representative Snowbarger.

The Chairman called for hearings on SB 207, jurisdiction for child under the code for care of children will continue past 18 years if attending high school, and SB 226, court shall order educational assessment for child in need of care and juvenile offender.

Senator Frahm, a co-sponsor of SB 207, along with Senator Parrish, appeared in support of the bill. Senator Frahm submitted a packet, including letters and testimony from Charles A. Peckham, the statutes for review and the fiscal note indicating no additional cost. (See Attachment # 11).

There were no committee questions.

The hearings on SB 207 and SB 226 were continued pending the arrival of Senator Parrish to testify.

The Chairman called for hearing on SB 81 assignment of rents as security for loans.

Jim S. Maag, Senior Vice President, the Kansas Bankers Association, appeared in support of SB 81. (See Attachment # 12).

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Judiciary,
room 514-S, Statehouse, at 3:30 ~~xxx~~ p.m. on March 18, 1991

Mr. Maag also distributed comments given to the Senate Committee on Financial Institutions and Insurance by former K.U. Law Dean, Barkley Clark, who strongly supports SB 81. (See Attachment # 13).

There were no committee questions.

Carolyn A. Adams, Vice President and General Counsel, Bank IV, Topeka, N.A., appeared in support of SB 81 and noted several concerns. (See Attachment # 14). In addition, Ms. Adams referred to Line 38, Page 1, after the word "instrument", and requested the following language be added: "For an affidavit of assignment of rent signed by the borrower". (See sample affidavit suggested. (Attachment # 15)).

There were no committee questions.

Ron Smith, representing the Kansas Bar Association, appeared in support of SB 81. Information statement from Carl Circo, Stinson-Mag, was distributed. (See Attachment # 16).

There were no committee questions.

There being no further conferees, the hearing on SB 81 was closed.

The Chairman re-opened the hearing on SB 207 and SB 226.

Senator Parrish expressed her support for SB 207.

Senator Parrish, sponsor of SB 226, appeared in support of the bill and briefly reviewed background and intent of SB 226.

Committee questions followed.

The Chairman called for action on SB 226.

Representative Sebelius made a motion that SB 226 be passed. Representative Macy seconded the motion. The motion carried.

The Chairman called for action on SB 207.

Representative Lawrence made a motion that SB 207 be passed. Representative Sebelius seconded the motion. The motion carried.

The Chairman appointed a sub-committee to study HB 2212, cigarettes, prohibitions regarding minors, sample cigarettes and vending machines. Sub-committee members are: Representative Everhart, Chairperson; Representative Garner and Representative Allen.

The Chairman appointed a sub-committee to study SB 183 and HB 2117. Sub-committee members are: Representative Hochhauser, Chairperson; Representative Carmody and Representative Heinemann.

The meeting adjourned at 5:00 P.M. The next meeting of the committee is scheduled for March 19, 1991, at 3:30 P.M. in room 313-S.

MEMORANDUM

TO: HOUSE JUDICIARY COMMITTEE,
HON. JOHN SOLBACH, CHAIRPERSON

FROM: DAVID E. RETTER

RE: SB 259

DATE: MARCH 18, 1991

The following is submitted in support of the amendment to K.S.A 58-2433 proposed by SB 259. The purpose of the proposed amendment is threefold: (1) encourage local innovation; and (2) foster donations of private funds for meritorious public purposes; and (3) provide more funding flexibility to municipalities so that public trusts can be more effectively used.

K.S.A. 58-2433 is included in K.S.A. 58-2431 et seq. These statutes deal with "Trusts for State and Political Subdivisions." The original statute was enacted in 1974 and no appellate cases or Attorney General opinions are annotated construing it. It is a little-used alternative to a conventional trust.

Public trusts could be used for such laudable purposes as locally created funds to provide bonus pay for exceptional teachers, or foster Art in the Park or economic development. Donors are more likely to give private money to a specific program than the general fund.

Public trusts under K.S.A 58-2432 et seq. have some good features. Statutory immunity of the local governing body when it sits as the board of trustees (K.S.A. 58-2437 and 58-2438) should encourage innovative responses to local problems.

Under existing law the local unit's governing body controls a dedicated fund and can, in it's discretion, match private funds donated to the trust. However, there is a problem with the existing law which may explain why it has not often been used since 1974. Current K.S.A. 58-2433 prohibits use of ad valorem tax funds in conjunction with trust funds. It is questionable if there is a need for such a limitation. The limitation is removed by SB 259.

Existing law does not prohibit using public funds derived from other sources from being used with public trust funds (i.e. sales tax revenues). So, if intended as a limit, it is not effective. If it is not intended as a limit, the language should be removed. There are already safeguards built into the statutory scheme.

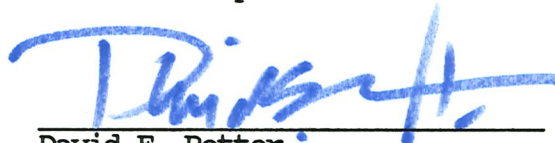
The statutory safeguards include the governing body's discretion to accept the trust in the first place. The Public Trust must be accepted in writing and the trust and the written acceptance must be recorded. See K.S.A. 58-2432.

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Also, the local governing body must approve expenditures to match the private funds in such a trust under the existing law and as amended by SB 259. (See K.S.A. 58-2433 and SB 259). These safeguards render unnecessary the ad valorem prohibition.

The bill would create opportunities for donors to give to a specific program or purpose, and give local governing discretion to match the private funds if desired.



David E. Retter
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STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

CHAIRMAN: RULES AND JOURNAL
CHAIRMAN: JOINT COMMITTEE ON LEGISLA-
TIVE POST-AUDIT
VICE CHAIRMAN: COMMERCIAL AND FINAN-
CIAL INSTITUTIONS
MEMBER: FEDERAL AND STATE AFFAIRS
TAXATION

WILLIAM R. ROY, JR.
REPRESENTATIVE, 54TH DISTRICT
STATE CAPITOL
TOPEKA, KANSAS 66612
PHONE: (913) 296-7639

HOME ADDRESS:
2316 SW MAYFAIR PLACE
TOPEKA, KS 66611
HOME PHONE: (913) 266-4088

March 18, 1991

TESTIMONY BEFORE THE HOUSE
JUDICIARY COMMITTEE

House Bill 2547 -- Mobile Home Parks
Residential Landlord Tenant Act

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you today in support of House Bill 2547, the proposed Mobile Home Parks Residential Landlord Tenant Act.

House Bill 2547 is a result of problems brought to my attention by residents of mobile home courts throughout Topeka. The problems this proposal attempts to address are not peculiar to my district nor Topeka, but are likely found in virtually every district in the state.

This bill works to address the void that exists for mobile home lot renters under laws governing landlord tenant relationships in Kansas. (Note: mobile home renters are covered under the Kansas Residential Landlord Tenant Act, mobile home lot renters are not.) There are few ground rules and little direction available in consistently resolving disputes between mobile home park operators and lot renters.

Today, I believe you will find that the mobile home park industry agrees, and recognizes the need to develop a set of rules that clarifies the rights and duties of both parties.

This is not a finished product, but a starting point. I recognize that additional work is needed, and am willing to work with residents and industry representatives to craft and fine tune an act that is fair to both.

This legislation is important for that significant portion of our state's population that chooses this type of shelter as its home. I request the committee's thoughtful consideration and favorable action. Thank you.

MHRLT-HS.DOC

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INDEX -- HB 2547

- Sec. 1 -- title
- Sec. 2 -- supplemental law
- Sec. 3 -- remedies, damages
- Sec. 4 -- applicability
- Sec. 5 -- jurisdiction
- Sec. 6 -- definitions
- Sec. 7 -- unconscionable acts
- Sec. 8 -- notice, knowledge
- Sec. 9 -- terms and conditions, included and supplemental
- Sec. 10 -- prohibited terms
- Sec. 11 -- (same)
- Sec. 12 -- rent and deposit provisions
- Sec. 13 -- written agreements, disclosures
- Sec. 14 -- possession
- Sec. 15 -- landlord duties
- Sec. 16 -- limitations on landlord duties
- Sec. 17 -- tenant duties
- Sec. 18 -- park rules and regulations
- Sec. 19 -- landlord right of access
- Sec. 20 -- rental of unit by lot tenant
- Sec. 21 -- landlord non-compliance, tenant remedies
- Sec. 22 -- (same)
- Sec. 23 -- (same -- failure to deliver possession)
- Sec. 24 -- (same -- interruption of services)
- Sec. 25 -- tenant non-compliance, landlord remedies
- Sec. 26 -- (same)
- Sec. 27 -- lot abandonment by tenant
- Sec. 28 -- landlord acceptance of tenant performance
- Sec. 29 -- landlord right to terminate
- Sec. 30 -- tenant right to terminate
- Sec. 31 -- retaliation
- Sec. 32 -- effective date

END

STATE OF KANSAS

BETTY JO CHARLTON
REPRESENTATIVE, FORTY-SIXTH DISTRICT
DOUGLAS COUNTY
1624 INDIANA STREET
LAWRENCE, KANSAS 66044
913-843-5024



ROOM 272-W
STATE CAPITOL BUILDING
TOPEKA, KANSAS 66612

TOPEKA

HOUSE OF
REPRESENTATIVES

March 18, 1991

TO: Chairman Solbach and Members of the House Judiciary Committee
FROM: Representative Betty Jo Charlton
RE: HB 2547

I am appearing in support of HB 2547.

At Christmas time in 1989 and for a period of time thereafter, the residents of Green Acres Mobile Homes Park in Lawrence were without water. The park owners told the tenants that repairs to water lines could not be made in cold weather.

In December of 1990 the water went out again a few days before Christmas. Some water pressure returned in January but not enough for residents to bathe or wash dishes. The Department of Health and Environment notified the residents that the water might be contaminated because when pressure is low water may back up in the lines. The Department advised the people to not drink the water.

Some of the tenants signed a letter to the park owners saying they would not pay rent until water was restored. The owners responded by letter: "We do not intend to provide gas unless you pay rent." Gas was not cut off but ten eviction notices were handed out. The tenants appealed to city officials and to me.

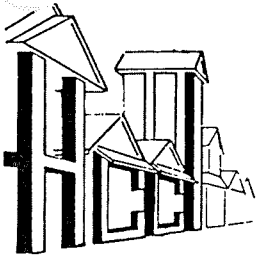
The Director of Public Works said the water lines were too small to serve the park and that it was possible to replace water lines in freezing weather. The City Manager said the city had no authority to replace the lines or to require the park owners to replace the lines. The park owners then furnished a single source from which tenants could carry drinking water and began to replace the water lines. About the first of March, this year, normal water pressure was restored to all the homes in the park.

I believe all parties involved in the Green Acres water problem - owners, tenants, and city officials - will be pleased with legislation making clear the rights and responsibilities of each.

Betty Jo Charlton

BJC:dr

HJUD
Attachment # 3
3-18-91



Housing & Credit Counseling Inc

1195 SW Buchanan Suite 203
Topeka, Kansas 66604-1183
(913) 234-0217

TESTIMONY
HOUSE BILL 2547
BY
NOELLE ST. CLAIR
HOUSING & CREDIT COUNSELING INC.
MARCH 18, 1991

Mr. Chairman and members of the committee:

On behalf of a non profit Housing and Credit Counseling agency. I speak today in support of House Bill 2547 and urge this committee to move it forward for immediate passage.

Housing and Credit Counseling's housing staff counsels between 3000 and 4000 landlords and tenants per year about the legal and practical aspects of tenant/landlord relations as well as assisting clients in finding available community resources and emergency aid.

Currently in Kansas if you are renting where the trailer and the lot are rented, the Kansas Residential Landlord and Tenant Act applies both the landlord and tenant protection.

Where the trailer is owned by a person and only the lot is rented, there is almost nothing in Kansas law except references to evictions and tiedowns. House Bill 2547 is definitely a first step in providing this portion of the population some protection.

As a representative of Housing & Credit Counseling Inc. I would like to point out some areas in the bill that the Housing staff feels needs to be clarified or changed; our concerns are as follows:

Page 1, Section 3 Line 22 " The aggrieved party has a duty to mitigate damages. This statement seems vague and unclear as to what the intent is.

Page 4, Section 8, Line 20 and 26 The word "certified" should be used instead of "registered". Landlords need to verify that the notice was delivered. Registered mail must be signed by the person it is addressed to. This often causes problems for landlord, especially when tenants refuse to sign for the letter or never seem to be home.

Page 4, Section 9 Line 38: should read "pay as rent the agreed upon fair rental value for the use and occupancy of the mobile home space. This would insure that the landlord did discuss with the rent with the tenant.



HUD Comprehensive
Counseling Agency



Consumer Credit
Counseling Service



United Way
of Greater Topeka

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Page 5, Section 9 Line 2 : " Rental agreements shall be for a term of one year unless otherwise specified in the rental agreement.

In order to protect current valid leases it is important that a section be added that would say " The provisions of this act shall not apply to or affect any valid rental agreement entered into prior to the effective date of this act, nor shall it apply to or affect the conduct or transaction of the parties to such rental agreement, if such conduct or transaction is in accordance with and pursuant to such rental agreement; but the provisions of this act shall apply to and govern any renewal, extension or modification is effected on or after the effective date of this act.

In addition we would like to see " written" inserted before rental agreement. In section 13 it states that the landlord shall offer the tenant the opportunity to sign a written agreement. Our experience with verbal agreements is that people who enter into verbal agreements are not even aware they have obligated themselves to any term.

Page 6, Section 12 (b) Line 7 & 8 This would allow the landlord to put this money in any type of account. This would especially be helpful to mom and pop operations who have no formal accounting system.

Page 6 Section 12 (c) Line 12-14 " of termination of tenancy and receipt of the tenant's mailing address or delivery instructions" This should be deleted and should simply say return of possession; in addition receipt of the tenant's mailing address or delivery instructions should be stricken. If this is not done it would mean that the landlord would be required to return the deposit or give an written statement even if the tenant had not removed the trailer from the lot and would be required to get the tenants new mailing address which is impossible if the tenant has moved out in the middle of the night.

Page 6 Section 12 (e) line 31 again strike termination and insert return of possession.

Page 12 Section 23, (b) line 18 the "of between rent and 1 1/2 times should be change to "or".

Page 14 Section 28 should be reworded. It is unclear what performance is being referred to . we would recommend that this wording be inserted. "Acceptance of late payment of rent from the tenant without reservation by the landlord, or acceptance of performance by the tenant, other than for payment of rent, that varies from the terms of the rental agreement, constitutes a waiver of the landlord's right to terminate the rental agreement from that breach, unless otherwise agreed after the breach has occurred.

HOUSE BILL No. 2547

By Committee on Federal and State Affairs

3-4

8 AN ACT enacting the mobile home parks residential landlord and
9 tenant act.

10
11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. This act shall be known and may be cited as the
13 mobile home parks residential landlord and tenant act.

14 Sec. 2. Unless displaced by the provisions of this act, the prin-
15 ciples of law and equity, including the law relating to capacity to
16 contract, mutuality of obligations, principal and agent, real property,
17 public health, safety and fire prevention, estoppel, fraud, misrepre-
18 sentation, duress, coercion, mistake, bankruptcy or other validating
19 or invalidating cause supplement its provisions.

20 Sec. 3. (a) The remedies provided by this act shall be so ad-
21 ministered that the aggrieved party may recover appropriate dam-
22 ages. [The aggrieved party has a duty to mitigate damages.]

23 (b) Any right or obligation declared by this act is enforceable by
24 action unless the provision declaring it specifies a different and lim-
25 ited effect.

26 Sec. 4. The provisions of this act shall not apply to an occupancy
27 in or operation of public housing pursuant to any federal law or
28 regulation with which it might conflict. This act shall govern the
29 rental of mobile home space in mobile home parks, but the resi-
30 dential landlord and tenant act (K.S.A. 59-2540 *et seq.* and amend-
31 ments thereto) shall govern the rental of mobile homes.

32 Sec. 5. (a) The appropriate district court of this state may ex-
33 ercise jurisdiction over a landlord or tenant with respect to conduct
34 in this state governed by this act, or with respect to any claim arising
35 from a transaction subject to this act. An action under this act may
36 be brought as a small claim pursuant to the provisions of the small
37 claims procedure act. In addition to any other method provided by
38 rule and regulation or by statute, personal jurisdiction over a landlord
39 or tenant may be acquired in a civil action or proceeding instituted
40 in the appropriate district court by the service of process in the
41 manner provided by this section.

(b) If a landlord is not a resident of this state or is a corporation
not authorized to do business in this state and engages in conduct

Page 1, Section 3 Line 22 " The aggrieved party has a duty to mitigate
damages. This statement seems vague and unclear as to what the intent
is.

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1 court upon its own motion the parties shall be afforded a reasonable
 2 opportunity to present evidence as to the setting, purpose and effect
 3 of the rental agreement or settlement to aid the court in making
 4 the determination.

5 Sec. 8. (a) An individual has notice of a fact if the individual has
 6 actual knowledge of it, has received a written notice of it or, from
 7 all the facts and circumstances known to the individual at the time
 8 in question, has reason to know that it exists. An individual knows
 9 or has knowledge of a fact if the individual has actual knowledge of
 10 it. An organization has notice or knowledge of a fact relating to a
 11 particular transaction when the fact is brought to the attention of
 12 the individual conducting the transaction and, in any event, from
 13 the time the fact would have been brought to that individual's at-
 14 tention if the organization had exercised reasonable diligence, but
 15 such knowledge shall be subject to proof.

16 (b) A person notifies or gives notice to another by taking steps
 17 reasonably calculated to inform the other in ordinary course whether
 18 or not the other actually comes to know of it. A person receives a
 19 notice when it comes to that person's attention. A landlord receives
 20 notice when it is delivered by hand or mailed by registered mail to
 21 the place of business of the landlord through which the rental agree-
 22 ment was made or at any place held out by the landlord as the
 23 place for receipt of the communication or when it is delivered to
 24 any individual who is designated as an agent under section 13. A
 25 tenant receives notice when it is: (1) Delivered by hand to the tenant;
 26 (2) mailed by registered mail return receipt requested to the tenant
 27 at the place held out by the tenant as the place for receipt of the
 28 communication or, in the absence of such designation, to the tenant's
 29 last known place of residence other than the landlord's mobile home
 30 or mobile home space; or (3) posted in a conspicuous place on the
 31 premises of the mobile home space rented by the tenant.

32 Sec. 9. (a) The landlord and tenant may include in a rental agree-
 33 ment terms and conditions not prohibited by this act or other rule
 34 of law including rent, term of the agreement and other provisions
 35 governing the rights and obligations of the parties.

36 (b) The tenant shall pay as rent the amount stated in the rental
 37 agreement. In the absence of a rental agreement, the tenant shall
 38 pay as rent the fair rental value for the use and occupancy of the
 39 mobile home space.

40 (c) Rent shall be payable without demand or notice at the time
 41 and place agreed upon by the parties. Unless otherwise agreed pe-
 42 riodic rent is payable at the beginning of any term and thereafter
 43 in equal monthly installments. Rent shall be uniformly apportionable

Page 4, Section 8, Line 20 and 26 The word "certified" should be used instead of "registered". Landlords need to verify that the notice was delivered. Registered mail must be signed by the person it is addressed to. This often causes problems for landlord, especially when tenants refuse to sign for the letter or never seem to be home.

Page 4, Section 9 Line 38: should read "pay as rent the agreed upon fair rental value for the use and occupancy of the mobile home space. This would insure that the landlord did discuss with the rent with the tenant.

from day to day.

(2) (d) Rental agreements shall be for a term of one year unless otherwise specified in the rental agreement. Rental agreements shall be canceled by at least 60 days' written notice given by either party. A landlord shall not cancel a rental agreement solely for the purpose of making the tenant's mobile home space available for another mobile home.

(e) If a tenant should die, the surviving joint tenant or tenant in common in the mobile home shall continue as tenant with all rights, privileges and liabilities as the original tenant.

(f) If a tenant who was sole owner of a mobile home dies during the term of a rental agreement then that person's heirs or legal representative or the landlord shall have the right to cancel the tenant's lease by giving 60 days' written notice to the person's heirs or legal representative or to the landlord, whichever is appropriate, and the heirs or the legal representative shall have the same rights, privileges and liabilities of the original tenant.

(g) Unless otherwise agreed in writing, improvements, except a natural lawn, purchased and installed by a tenant on a mobile home space shall remain the property of the tenant even though affixed to or in the ground and may be removed or disposed of by the tenant prior to the termination of the tenancy, provided that a tenant shall leave the mobile home space in substantially the same or better condition than upon taking possession.

Sec. 10. (a) A rental agreement shall not provide that the tenant or landlord does any of the following:

(1) Agrees to waive or to forego rights or remedies under this act.

(2) Agrees to pay the other party's attorney fees.

(3) Agrees to the exculpation or limitation of any liability of the other party arising under law or to indemnify the other party for that liability or the costs connected therewith.

(4) Agrees to a designated agent for the sale of tenant's mobile home.

(b) A provision prohibited by subsection (a) included in a rental agreement is unenforceable. If a landlord or tenant knowingly uses a rental agreement containing provisions known to be prohibited by this act, the other party may recover actual damages sustained.

Nothing in this act shall prohibit a rental agreement from requiring a tenant to maintain liability insurance which names the landlord as an insured as relates to the mobile home space rented by the tenant.

Sec. 11. A rental agreement, assignment, conveyance, trust deed or security instrument shall not permit the receipt of rent, unless

4-5
Page 5, Section 9 Line 2 : " Rental agreements shall be for a term of one year unless otherwise specified in the rental agreement.

In order to protect current valid leases it is important that a section be added that would say " The provisions of this act shall not apply to or affect any valid rental agreement entered into prior to the effective date of this act, nor shall it apply to or affect the conduct or transaction of the parties to such rental agreement, if such conduct or transaction is in accordance with and pursuant to such rental agreement; but the provisions of this act shall apply to and govern any renewal, extension or modification is effected on or after the effective date of this act.

In addition we would like to see " written" inserted before rental agreement. In section 13 is states that the landlord shall offer the tenant the opportunity to sign a written agreement. Our experience with verbal agreements is that people who enter into verbal agreements are not even aware they have obligated themselves to any term.

1 the landlord has agreed to comply with subsection (a) of section 15.
2 ~~Sec. 12~~ (a) A landlord shall not demand or receive as rental
3 deposit an amount or value in excess of two months' rent.

4 (b) All rental deposits shall be held by the landlord for the tenant,
5 who is a party to the agreement, in a bank, credit union or savings
6 and loan association which is insured by an agency of the federal
7 government. Rental deposits shall not be commingled with the per-
8 sonal funds of the landlord. All rental deposits may be held in a
9 trust account, which may be a common trust account and which may
10 be an interest bearing account. Any interest earned on a rental
11 deposit shall be the property of the landlord.

12 (c) A landlord shall, within 30 days from the date of termination
13 of the tenancy and receipt of the tenant's mailing address or delivery
14 instructions, return the rental deposit to the tenant or furnish to
15 the tenant a written statement showing the specific reason for with-
16 holding of the rental deposit or any portion thereof. If the rental
17 deposit or any portion of the rental deposit is withheld for the
18 restoration of the mobile home space, the statement shall specify
19 the nature of the damages. The landlord may withhold from the
20 rental deposit only such amounts as are reasonably necessary for the
21 following reasons:

22 (1) To remedy a tenant's default in the payment of rent or of
23 other funds due to the landlord pursuant to the rental agreement.

24 (2) To restore the mobile home space to its condition at the
25 commencement of the tenancy, ordinary wear and tear excepted.

26 (d) In an action concerning the rental deposit, the burden of
27 proving, by a preponderance of the evidence, the reason for with-
28 holding all or any portion of the rental deposit shall be on the
29 landlord.

30 (e) A landlord who fails to provide a written statement within
31 30 days of termination of the tenancy and receipt of the tenant's
32 mailing address or delivery instructions shall forfeit all rights to
33 withhold any portion of the rental deposit. If no mailing address or
34 instructions are provided to the landlord within one year from the
35 termination of the tenancy the rental deposit shall revert to the
36 landlord and the tenant will be deemed to have forfeited all rights
37 to the rental deposit.

38 (f) Upon termination of a landlord's interest in the mobile home
39 park, the landlord or the landlord's agent shall, within a reasonable
40 time, transfer the rental deposit, or any remainder after any lawful
41 deductions to the landlord's successor in interest and notify the
42 tenant of the transfer and of the transferee's name and address or
43 return the deposit, or any remainder after any lawful deductions to

Page 6, Section 12 (b) Line 7 & 8 This would allow the landlord to put this money in any type of account. This would especially be helpful too mom and pop operations who have no formal accounting system.

Page 6 Section 12 (c) Line 12-14 " of termination of tenancy and receipt of the tenant's mailing address or delivery instructions" This should be deleted and should simply say return of possession; in addition receipt of the tenant's mailing address or delivery instructions should be stricken. If this is not done it would mean that the landlord would be required to return the deposit or give an written statement even if the tenant had not removed the trailer from the lot and would be required to get the tenants new mailing address which is impossible if the tenant has moved out in the middle of the night.

Page 6 Section 12 (e) line 31 again strike termination and insert return of possession.

1 sonable cost or the fair and reasonable value thereof, to be applied
 2 toward payment of rent on the next date when periodic rent is due
 3 or, if the rental agreement is terminated, for immediate payment
 4 by the landlord.

5 Sec. 23 (a) If the landlord fails to deliver physical possession of
 6 the mobile home space to the tenant as provided in section 14, rent
 7 abates until possession is delivered and the tenant:

8 (1) Upon at least five days' written notice to the landlord, may
 9 terminate the rental agreement and upon termination the landlord
 10 shall return all of the security deposit; or

11 (2) may demand performance of the rental agreement by the
 12 landlord and, if the tenant elects, maintain an action for possession
 13 of the mobile home space against the landlord, or any person in
 14 wrongful possession, and recover the damages sustained by the
 15 tenant.

16 (b) If a person's failure to deliver possession is willful and not
 17 in good faith, an aggrieved party may recover from such person an
 18 amount not more than 1 1/2 months' periodic rent ~~of~~ 1 1/2 times the
 19 actual damages sustained by such party, whichever is greater.

20 Sec. 24. If the landlord unlawfully removes or excludes the ten-
 21 ant from the mobile home park or willfully diminishes services to
 22 the tenant by interrupting or causing the interruption of electric,
 23 gas, water or other essential service to the tenant, the tenant may
 24 recover possession, require the restoration of essential services or
 25 terminate the rental agreement and, in either case, recover an
 26 amount not to exceed 1 1/2 months' periodic rent and 1 1/2 the actual
 27 damages sustained by the tenant.

28 Sec. 25. (a) Except as provided in this act, if there is a material
 29 noncompliance by the tenant with the rental agreement, the landlord
 30 may deliver a written notice to the tenant specifying the acts and
 31 omissions constituting the breach and that the rental agreement will
 32 terminate upon a date not less than 30 days after receipt of the
 33 notice if the breach is not remedied in 14 days. If there is a non-
 34 compliance by the tenant with section 17 materially affecting health
 35 and safety, the landlord may deliver a written notice to the tenant
 36 specifying the acts and omissions constituting the breach and that
 37 the rental agreement will terminate upon a date not less than 30
 38 days after receipt of the notice if the breach is not remedied in 14
 39 days. However, if the breach is remediable by repair or the payment
 40 of damages or otherwise, and the tenant adequately remedies the
 41 breach prior to the date specified in the notice, the rental agreement
 42 will not terminate.

43 (b) If rent is unpaid when due and the tenant fails to pay rent

Page 12 Section 23, (b) line 18 the "of between rent and 1 1/2 times
 should be change to "or".

1 paid in full, or an agreement reached with the legal owner and the
2 landlord. The legal owner or lienholder shall be liable to the landlord
3 for the landlord's reasonable costs of removal, storage and sale of
4 the abandoned mobile home, at the option of the landlord.

5 (c) A required standardized registration form shall be filled out
6 by each tenant, upon the rental of a mobile home space, showing
7 the mobile home make, year, serial number and license number and
8 also showing if the mobile home is paid for, if there is a lien on
9 the mobile home, and if so the lienholder, and who is the legal
10 owner of the mobile home. The registration cards or forms shall be
11 kept on file with the landlord as long as the mobile home is on the
12 mobile home space within the mobile home park. The tenant shall
13 give notice to the landlord within 10 days of any new lien, changes
14 of existing lien or settlement of lien. Intentional falsification of the
15 registration information by the tenant, or intentional concealment of
16 changes in lien status with failure to report such changes to the
17 landlord, shall give the landlord the option to terminate the tenancy
18 after three days' notice to the tenant.

19 Sec. 28. Acceptance of performance by the tenant that varies
20 from the terms of the rental agreement or rules subsequently adopted
21 by the landlord constitutes a waiver of the landlord's right to ter-
22 minate the rental agreement for that breach, unless otherwise agreed
23 after the breach has occurred.

24 Sec. 29. (a) The landlord may terminate a tenancy only as pro-
25 vided in this act.

26 (b) Notwithstanding section 18, if the tenant remains in posses-
27 sion without the landlord's consent after expiration of the term of
28 the rental agreement or its termination, the landlord may bring an
29 action for possession and recover actual damages. If the tenant's
30 holdover is willful and not in good faith the landlord in addition
31 may recover an amount not to exceed 1 1/2 months' periodic rent
32 and 1 1/2 the actual damages sustained by the landlord. In any event,
33 the landlord may recover reasonable attorney fees and court costs.

34 Sec. 30. (a) If the tenant refuses to allow lawful access to the
35 mobile home space, the landlord may terminate the rental agreement
36 and may recover actual damages.

37 (b) If the landlord makes an unlawful entry or a lawful entry to
38 the mobile home space in an unreasonable manner or makes repeated
39 demands for entry otherwise lawful but which have the effect of
40 unreasonably harassing the tenant, the tenant may obtain injunctive
41 relief to prevent the recurrence of the conduct or terminate the
42 rental agreement. In either case, the tenant may recover actual
43 damages not less than an amount equal to one month's rent plus

4-8

Page 14 Section 28 should be reworded. It is unclear what performance is being referred to. we would recommend that this wording be inserted. "Acceptance of late payment of rent from the tenant without reservation by the landlord, or acceptance of performance by the tenant, other than for payment of rent, that varies from the terms of the rental agreement, constitutes a waiver of the landlord's right to terminate the rental agreement from that breach, unless otherwise agreed after the breach has occurred."

TESTIMONY BEFORE THE STATE OF KANSAS HOUSE OF REPRESENTATIVES JUDICIARY COMMITTEE

March 18, 1991

My name is Edward P. Dutton, and I reside at 2120 Louisiana St. in Lawrence. I would like to commend the Chairperson of this Committee, John Solbach, for his outstanding representation on our behalf in the City of Lawrence and Douglas Co.

Although I am not a tenant of the Green Acres Mobile Home Park in Lawrence, I became involved with the residents there when they made their presentation before the Lawrence City Commission concerning their water problems. It has become obvious that mobile home dwellers do not enjoy the same protection under the law as other citizens.

Three of us will make presentations today outlining the problems and recommending remedies: Susan Kennard, President of the Green Acres Mobile Home Park Tenants' Association; Julia Pitner, Executive Director of the Consumer Affairs Association of Douglas Co., and myself.

We have prepared a packet for you, which includes the following:

1. A statement by Lawrence City Manager Mike Wildgen to Tom and Katy Hochstetler indicating how mobile home residents are presently treated under the law in our community.
2. A list of states without laws specifically protecting manufactured home park residents. As you will note, Kansas is in a minority of states.
3. A statement from Kay Kent, Administrator of the Lawrence-Douglas Co. Health Department, in which she advises residents not to drink the water at the Green Acres site.
4. A general background statement on the situation at Green Acres that was part of a widespread mailing to citizens in Douglas Co.
5. Susan Kennard's statement to the Lawrence City Commission.

We appreciate the opportunity to make our statements today. If the lessons learned through the experiences of the residents at Green Acres Mobile Home Park produce legislation to prevent others from suffering, our work will not have been in vain. Thank you.

HJD
Attachment # 5
3-18-91



City of Lawrence KANSAS

MIKE WILDGEN, CITY MANAGER

CITY OFFICES

BOX 708

66044-0708

6 EAST 6th

913-841-7722

CITY COMMISSION

MAYOR

SHIRLEY MARTIN-SMITH

COMMISSIONERS

ROBERT L. WALTERS

DAVID PENNY

MIKE RUNDLE

BOB SCHUMM

January 29, 1991

Tom and Kathy Hochstetler
1652 Illinois Street
Lawrence, Kansas 66044

RE: Green Acres Mobile Home Park

Dear Mr. and Mrs. Hochstetler:

In response to your letter, I want to provide you with some current information. As you may know, mobile homes are treated differently than traditional housing in several ways. They can be classified as personal property, not real estate, by the appraiser. The Landlord-Tenant Act also makes a distinction, in some cases, under its "dwelling unit" definition. The City's minimum housing and building codes cannot regulate mobile homes, because a federal law directly preempts local regulation of the construction and interior features of mobile homes. This law prohibits application of our local plumbing code, including dwelling water pipe sizing requirements, on mobile homes. In addition, Kansas is one of several states without laws specifically protecting manufactured home park residents.

In spite of these restrictions, the City has been trying to get the property owner to make improvements. I have two staff members assigned to this issue. They have worked with the Public Health Department who has inspected the park, and Public Health is requiring the owners to make improvements. Health officials met with the Qandil's last week and will again on Friday of this week. The water lines are private property though, and the City has no authority, nor would we want to, I believe, to go on to that property and make repairs. A site built home or apartment would not be repaired or replumbed by the City if lines were clogged, broken or undersized. That is the property owner's responsibility.

Unfortunately, if the property owners take no responsible action, the water may have to be shut off to the entire park. This is hardly the answer we or you would want to see happen. That remedy punishes the people we are trying to help.

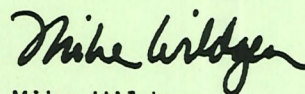
In addition, there are conflicts in the complaints received. We have received calls saying, "our water is fine; that lady (at the City Commission meeting) doesn't represent me". There are also disputes about who is responsible for hooking up the plumbing of the individual mobile home to the private water distribution system in question.



5-2

I am attaching copies of letters and report that might give you additional insight about this issue.

Respectfully,

A handwritten signature in black ink that reads "Mike Wildgen". The signature is written in a cursive style with a large initial "M".

Mike Wildgen
City Manager

cc: Representative Charlton
City Commission

Mobile Home Statute Charts

States Without Laws Specifically Protecting Manufactured Home Park Residents

29

Alabama
Arkansas
Georgia
Hawaii
Kansas
Kentucky
Louisiana
Mississippi
Missouri
Montana
North Carolina
Oklahoma
South Carolina
South Dakota
Tennessee
Texas
West Virginia
Wyoming

LAWRENCE-DOUGLAS COUNTY HEALTH DEPARTMENT

336 Missouri, Suite 201
Lawrence, Kansas 66044-1389
913-843-0721

M E M O R A N D U M

DATE: January 22, 1991

TO: Residents of Green Acres Mobile Homes & Wade Qandil

FROM: Kay Kent, R.N., M.S., Administrator/Health Officer K.K.

RE: Drinking Water

The water samples, collected January 9, 1991, were tested by the Laboratory of the Kansas Department of Health and Environment and did not show any evidence of bacteria. However, the Water Pressure Test Survey on January 21, 1991, showed that the water pressure is inadequate in the Green Acres Mobile Home Park.

Low water pressure can cause conditions where contamination could enter your household water supply. Therefore, until further notice, we advise the residents of Green Acres Mobile Homes not to drink, prepare food or wash dishes with the water. The water can be used for bathing and general household cleaning.

Drinking water can be obtained free of charge from the City of Lawrence Water Treatment Plant at 3rd & Indiana Streets (841-1601). You need to bring your own water containers.

We are working with the owners to correct the problem.

If you have questions call the Environmental Health Staff at 843-0721.

GREEN ACRES IS NOT A PARADISE!

"Even poor people should be allowed to have water."

"I am scared to use the water, and my children are not eating the way they should."

"I'd move, but I can't afford more than \$95 a month."

"I think some of the people who live here are too scared to complain."

In a community that prides itself on its neighborliness, how can we allow our neighbors to go without water? Does this sound like a caring, compassionate community?

This paper describes the plight of our fellow citizens at the Green Acres Mobile Home Park on 1045 E. 23rd St. This issue is not a conservative vs liberal one; it's about people expressing concern for one another in a way that assures health and decency standards for every citizen.

This winter and last winter water to residents of the Park went out completely just before Christmas, and although some water pressure has returned since then, it is not enough for residents to count on. To make matters worse, the Douglas Co. Health Department on January 22, 1991, issued the following warning to residents: "Low water pressure can cause conditions where contamination could enter your household water supply. We advise you not to drink, prepare food, or wash dishes with the water." Some residents withheld their rent with the intent of paying it when the water deficiency was corrected. Park owners Joann and Wade Qandil threatened residents with gas shut-offs and did hand out several eviction notices. Lawrence City officials said the problem is with low water pressure from water lines too small to serve the mobile home park.

Many of the residents have not taken their plight passively. The first thing they did was to make an appeal to their City Commission on January 8, 1991, to ask for help. They left the meeting without feels of support or assurance of help. They organized and have picketed the Park. They have also hired an attorney, Bob Eye. An escrow account has been set up to accept their rent until their grievances have been remedied. A legal defense fund has been established by a group of fellow citizens in the community at large. Drinking water is being hauled across town from the water treatment plant by a sympathetic family in Lawrence.

It is possible that by the time this paper is read, the City will have intervened on behalf of the mobile home residents by requiring the Qandils to have the work done that is required to assure safe health standards and meet their contract agreement with tenants. Some of the residents have stated that the condition of their sewer system and gas service also concerns them because of the odors they experience. But even if the City does correctly assert its authority on behalf of its citizens, slum landlording cannot be tolerated! Residents in the Green Acres tragedy

have suffered physically, emotionally, and financially. To assure redress in these areas and to prevent future victimization, the role of the law is important. Justice through the courts is not always swift. but the residents of Green Acres and their supporters are ready to use this tool.

There are several ways to help our fellow neighbors at Green Acres:

- ... Donate water jugs (5 gallon preferred)
Call 843-8185 if you can help.
- ... Contribute to the GREEN ACRES DEFENSE FUND,
First National Bank of Lawrence.
- ... Write a letter or telephone City Commissioners demanding an ordinance that protects new residents with their water hook-ups.
- ... Contact Representative Betty Jo Charlton in whose district the tenants live to initiate appropriate state legislation to assure mobile home residents safety and decency standards afforded to other home owners.

NO MAN IS AN ISLAND,
ENTIRE OF ITSELF: EVERY MAN IS A
PIECE OF THE CONTINENT, A PART
OF THE MAIN. ANY MAN'S
DEATH DIMINISHES ME, BECAUSE
I AM INVOLVED IN MANKIND:
AND, THEREFORE, NEVER SEND TO
KNOW FOR WHOM THE BELL
TOLLS, IT TOLLS FOR THEE.

John Donne

Contact persons: Tom & Katy Hochstetler, 1652 Illinois St., Lawrence, KS
Telephone 841-1033

Dubam Kemnard

President

Green Acres Tenants' Assoc.

1045 East 23rd St Lot A-B

As you know, on Tuesday, January 8th, Linda O'Neal and about 21 residents of the Green Acres Mobile Home Park approached the City Council Commission with a plea for help concerning the water problems within the trailer park. We were basically told, although the trailer park is within the limits of the city YOU govern, there was nothing the commission could do since the property is privately owned by Wade and Joann Qandil and that there are no current minimum codes, standards or regulations for mobile home parks in Kansas except for Chapter 11 Section 11-113 of the City Code stating that an adequate supply of pure water is to be furnished to each lot or unit. On Monday, January 21st, members of the Lawrence-Douglas County Health Dept surveyed water pressure in several trailer units. The next day, notices were posted on every door in the trailer park stating we are advised NOT to use the water for drinking, preparing foods or washing dishes since the water pressure was so low that contaminants could enter the households. ^{But, we still continue} therefore, concerned community citizens hauled water clear across town from the water treatment plant for these residents without access to transportation and those whom are physically incapable of leaving their homes. Many of those tenants who were in attendance on January 8th left here feeling very

HJD
(Attachment # 6.)
3-18-91

disappointed, let down and grossly unimportant. We, as tax payers who pay YOUR salaries, came to this commission for help that we desperately needed but all we heard and saw was a good show of "passion the buck" on your part! Therefore, as a group, we took a stand, banded together and formed the Green Acres Tenants' Association.

In the time since we last approached this commission three mobile homes have been moved due to the problems and another five families, four of which have children, have had to find residency elsewhere. Those of us who would like to leave but are still residing in the trailer park are low income and can't afford the expenses of re-locating. By far, we don't earn \$40-\$50,000 a year OR own nice houses. But that doesn't mean we're any less important! The Green Acres Tenants' Assoc has been meeting at least once a week since it was formed. All of our meetings have been, and will continue to be open to the public. However, the only people who bother to show up are those who care enough about our rights as citizens of the United States and residents of Lawrence, Kansas such as tenants of the trailer park and concerned community citizens as Ed and Betty Sutton, Tom and Katy Hochstetler and Julia Pitner from Consumers Affairs. It was through their help and support that we were able to meet with and hire Robert Ely as our attorney of whom we, in the Association, are very grateful to for his help and service.

As low income residents, a defense fund has been established at the First National Bank on 23rd Street for community donations, contributions and support to help us pay for Robert Ely's services. We have also established an escrow account with the same bank branch to hold money for rent, water and gas of those tenants who believe that we should NOT have to live under such disgraceful conditions and tyranny from the Qandils or Mrs. Gladys Negley.

In January, shortly after we approached this commission, approximately 10 residents received notices taped to their doors to either pay rent and water in full or vacate their premises within 2 days. It was also stated, in writing, that natural gas would not be furnished if the gas bills were not paid to Qandil or Negley, even though some residents offered to at least pay that part. Out of those 10 people who received notices, four have, since then, received eviction notices — one hand-delivered by the sheriff's dept. and the others by certified mail. All of those people were in attendance here on January 8th and all are and have been members of the Green Acres Tenants' Association. However, we, the members and committee, do not intend to fall victims to the intimidation, lies and scare tactics of the Qandils or Negley to stop us from fighting for our rights.

It has been 2 months since Linda O'Real pleads to the commission for help. New pipe lines have

been dug and layed in but still, water pressure is very low. The city says they know what's going on because they've met with the Qandils. On the other side of the coin, how come the city hasn't been out or bothered to contact any of the tenants or the Association? We, the members of the Green Acres Tenants' Association, believe that the tenants of the Green Acres mobile Home Park deserves the same respect! Therefore, I, as President of the Green Acres Tenants' Association, personally invite each one of you on the City Council Commission to the trailer park for a first-hand look at the so-called progress!

In essence, if we, as citizens of YOUR city and community, cannot get the help we need and deserve as human beings, then who are we to turn to if not the people whom our tax money pays? The war may have ended overseas but ours hasn't by a long shot.

Dave Claussin - City Staff

House Bill No. 2547
House Judiciary Committee
March 18, 1991

Testimony of Paul Shelby
Assistant Judicial Administrator
Office of Judicial Administration

Mr. Chairman:

I appreciate the opportunity to appear before you today on House Bill No. 2547 which creates the Mobile Home Park Residential Landlord and Tenant Act.

I invite your attention to what seems to be incompatible provisions of the act. On page 1, beginning at line 35, the proposed bill reads, "An action under this act may be brought as a small claim pursuant to the provisions of the small claims procedure act." Not many of the landlords or residents who will read this sentence if it becomes law will understand that the only claims which can be brought under the small claims procedure are for claims for damages.

Later in this bill, several references are made to injunctive relief which is made available; for example, see lines 31 through 33, page 11 and lines 37 through 42 page 14. To a person unschooled in interpreting statutes, it would seem that filing a claim pursuant to small claims procedure would support the issuance of an injunction. However, district magistrate judges who often administer small claims cannot issue injunctions in normal circumstances (see K.S.A. 1990 Supp. 20-302b) and the *Code of Procedure for Limited Actions* which supplements small claims procedure specifically excludes injunctions from its coverage (see K.S.A. 1990 Supp. 61-1603).

I therefore request that the words "for damages" be inserted immediately after "action" on line 35 of page 1 of the bill so that the sentence would read, "An action *for damages* under this act may be brought as a small claim pursuant to the provisions of the small claims procedure act."

Thank you for your attention, and for your consideration of the foregoing recommendation. Adding these two words will earn you the gratitude of Clerks of the District Court and of District Magistrate Judges who bear the brunt of explaining the limitations of small claims procedure to the public.

HJUD 7
Attachment #~~7~~
3-18-91

KANSAS MANUFACTURED HOUSING ASSOCIATION

TESTIMONY BEFORE THE

HOUSE JUDICIARY COMMITTEE

TO: Representative John Solbach, Chairman and
Members of the Committee

FROM: Terry Humphrey, Executive Director

DATE: March 18, 1991

RE: House Bill 2547

Mr. Chairman and members of the committee, I am Terry Humphrey, Executive Director of the Kansas Manufactured Housing Association (KMHA). KMHA supports HB 2547 and we have worked on this proposal with Representative Bill Roy and Topeka Housing and Credit Counseling.

In short we feel that HB 2547 provides a good balance between landlord and tenant concerns. However, we do recommend a few changes to the bill that will improve it. Attached to my testimony is a balloon with the recommended amendments and I will go through these changes for you:

- 1) HB 2547 needs a definition for a "recreational vehicle" so that the bill will address the tenant who lives in an RV in a mobile home park. While this is not a typical situation it does occur.
- 2) The bill needs to define a manufactured home because mobile homes have not been built since 1980 according to federal law. Likewise this Act should be titled the "Manufactured Home and Mobile Home Landlord and Tenant Act."
- 3) In Section 6 (f) line 7 and Section 6 (g) line 14: the wording manufactured home community should be added in light of the issue I previously mentioned.
- 4) In Section 9 (b) line 38: "fair market value" should be deleted and "amount verbally agreed to" added. Rational: In most instances if there is no rental agreement there is a verbal agreement.
- 5) In Section 9 (d) line 4: "60 days" should be deleted and "30 days" inserted. Rational: As a practical matter, today most communities have a 30 day notice to evict or terminate provision and it seems to work well.

HJUD
Attach. 8
3-18-91

For example when a tenant sells their home and gives notice to the landlord they are not obligated to pay rent for more than 30 days. In many cases the buyer of the home wants to take possession or move the home out in less than 30 days. Therefore, 60 days would create a hardship for the tenant.

Also, there are primarily two reasons to terminate a tenant - nonpayment of rent or rules violation. In some instances there maybe a serious violation of the rules that is creating serious problems for other tenants. In this case a 60 day waiting period is to long.

6) Section 18 (c) (5) line 34: after agreement add "unless agreed to in writing." Rational: There may be some improvements that both the landlord and tenants want to make involving concrete that can not be removed without damage such as shed bases.

7) Section 23 (b) line 18: "of" should be "or". Rational: This appears to be a typographical error.

8) Section 27 (c) line 7: delete "license number." Rational: Manufactured homes no longer have a license number.

Also, under this section we recommend adding "a tenant should list the names of other occupants in the home and notify the landlord if occupants change." Rational: A landlord needs to know the names of residents for a variety of reasons such as: safety, law enforcement and rules violation.

9) Section 28 line 20: delete "rules". Rational: in this section if a tenant varies from the lease or rules agreement and the landlord does not correct it, the behavior is presumed acceptable. However, with regard to rules violations a landlord may not be aware of it until another tenant raises the issue or something else occurs.

*rules subsequently accepted by
the landlord*

HOUSE BILL No. 2547

By Committee on Federal and State Affairs

3-4

8 AN ACT enacting the mobile home parks residential landlord and
9 tenant act.

10
11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. This act shall be known and may be cited as the
13 mobile home parks residential landlord and tenant act.

14 Sec. 2. Unless displaced by the provisions of this act, the prin-
15 ciples of law and equity, including the law relating to capacity to
16 contract, mutuality of obligations, principal and agent, real property,
17 public health, safety and fire prevention, estoppel, fraud, misrepres-
18 entation, duress, coercion, mistake, bankruptcy or other validating
19 or invalidating cause supplement its provisions.

20 Sec. 3. (a) The remedies provided by this act shall be so ad-
21 ministered that the aggrieved party may recover appropriate dam-
22 ages. The aggrieved party has a duty to mitigate damages.

23 (b) Any right or obligation declared by this act is enforceable by
24 action unless the provision declaring it specifies a different and lim-
25 ited effect.

26 Sec. 4. The provisions of this act shall not apply to an occupancy
27 in or operation of public housing pursuant to any federal law or
28 regulation with which it might conflict. This act shall govern the
29 rental of mobile home space in mobile home parks, but the resi-
30 dential landlord and tenant act (K.S.A. 59-2540 *et seq.* and amend-
31 ments thereto) shall govern the rental of mobile homes.

32 Sec. 5. (a) The appropriate district court of this state may ex-
33 ercise jurisdiction over a landlord or tenant with respect to conduct
34 in this state governed by this act or with respect to any claim arising
35 from a transaction subject to this act. An action under this act may
36 be brought as a small claim pursuant to the provisions of the small
37 claims procedure act. In addition to any other method provided by
38 rule and regulation or by statute, personal jurisdiction over a landlord
39 or tenant may be acquired in a civil action or proceeding instituted
40 in the appropriate district court by the service of process in the
41 manner provided by this section.

42 (b) If a landlord is not a resident of this state or is a corporation
43 not authorized to do business in this state and engages in conduct

Need Recreational Vehicle definition.

HJUD
Attachment # 9
3-18-91

9-2

1 in this state governed by this act, or engages in a transaction subject
 2 to this act, the landlord shall designate an agent upon whom service
 3 of process may be made in this state. The agent shall be a resident
 4 of this state or a corporation authorized to do business in this state.
 5 The designation shall be in writing and filed with the secretary of
 6 state. If no designation is made and filed or if process cannot be
 7 served in this state upon the designated agent, process may be served
 8 upon the secretary of state, but the plaintiff or petitioner shall forth-
 9 with mail a copy of this process and pleading by certified mail,
 10 return receipt requested, to the defendant or respondent at that
 11 person's last reasonably ascertained address. If there is no last rea-
 12 sonably ascertainable address and if the defendant or respondent has
 13 not complied with subsections (a) and (b) of section 13, service upon
 14 the secretary of state shall be sufficient service of process without
 15 the mailing of copies to the defendant or respondent. Service of
 16 process shall be deemed complete and the time shall begin to run
 17 for the purposes of this section at the time of service upon the
 18 secretary of state. The defendant shall appear and answer within 30
 19 days after completion thereof in the manner and under the same
 20 penalty as if defendant had been personally served with the sum-
 21 mons. An affidavit of compliance with this section shall be filed with
 22 the clerk of the district court on or before the return day of the
 23 process, or within any further time the court allows.

24 Sec. 6. Subject to additional definitions contained in subsequent
 25 sections of this act which apply to specific sections thereof, and unless
 26 the context otherwise requires, in this act:

27 (a) "Building and housing codes" includes any law, ordinance or
 28 governmental rule and regulation concerning fitness for habitation
 29 or the construction, maintenance, operation, occupancy, use or ap-
 30 pearance of any mobile home park, dwelling unit or mobile home
 31 space.

32 (b) "Business" includes a corporation, government, governmental
 33 subdivision or agency, business trust, estate, trust, partnership or
 34 association, two or more persons having a joint or common interest
 35 and any other legal or commercial entity which is a landlord, owner,
 36 manager or constructive agent pursuant to section 13.

37 (c) "Dwelling unit" excludes real property used to accommodate
 38 a mobile home.

39 (d) "Landlord" means the owner, lessor or sublessor of a mobile
 40 home park and it also means a manager of the mobile home park
 41 who fails to disclose as required by section 13.

42 (e) "Mobile home" means a structure which is:

43 (1) Transportable in one or more sections;

"Manufactured Home" means a structure which is subject to the federal manufactured home construction and safety standards established pursuant to 42 U.S.C. §5403.

1 (2) (A) when in the traveling mode, is eight body feet or more
2 in width and 36 body feet or more in length or (B) when erected
3 on site, is 320 or more square feet; and

4 (3) built on a permanent chassis and designed to be used as a
5 dwelling, with or without permanent foundation, when connected
6 to the required utilities.

7 (f) "Mobile home park" shall mean any site, lot, field or tract of
8 land upon which two or more occupied mobile homes are harbored,
9 either free of charge or for revenue purposes, and shall include any
10 building, structure, tent, vehicle or enclosure used or intended for
11 use as part of the equipment of such home park.

or "Manufactured Home Community"

12 (g) "Mobile home space" means a parcel of land for rent which
13 has been designed to accommodate a mobile home and provide the
14 required sewer and utility connections.

in a mobile home park or manufactured home community.

15 (h) "Owner" means one or more persons, jointly or severally, in
16 whom is vested all or part of the legal title to property or all or
17 part of the beneficial ownership and a right to present use and
18 enjoyment of the mobile home park. The term includes a mortgagee
19 in possession.

20 (i) "Rent" means a payment to be made to the landlord under
21 the rental agreement.

22 (j) "Rental agreement" means agreements, written or those im-
23 plied by law, and valid rules and regulations adopted under section
24 18 embodying the terms and conditions concerning the use and
25 occupancy of a mobile home space.

26 (k) "Security deposit" means a deposit of money to secure per-
27 formance of a mobile home space rental agreement under this act
28 other than a deposit which is exclusively in advance payment of rent.

29 (l) "Tenant" means a person entitled under a rental agreement
30 to occupy a mobile home space to the exclusion of others.

31 Sec. 7. (a) If the court, as a matter of law, finds that:

32 (1) A rental agreement or any provision thereof was unconscion-
33 able when made, the court may refuse to enforce the agreement,
34 enforce the remainder of the agreement without the unconscionable
35 provision or limit the application of any unconscionable provision to
36 avoid an unconscionable result.

37 (2) A settlement in which a party waives or agrees to forego a
38 claim or right under this act or under a rental agreement was un-
39 conscionable at the time it was made, the court may refuse to enforce
40 the settlement, enforce the remainder of the settlement without the
41 unconscionable provision or limit the application of any unconscion-
42 able provision to avoid any unconscionable result.

43 (b) If unconscionability is put into issue by a party or by the

9-4

1 court upon its own motion the parties shall be afforded a reasonable
2 opportunity to present evidence as to the setting, purpose and effect
3 of the rental agreement or settlement to aid the court in making
4 the determination.

5 Sec. 8. (a) An individual has notice of a fact if the individual has
6 actual knowledge of it, has received a written notice of it or, from
7 all the facts and circumstances known to the individual at the time
8 in question, has reason to know that it exists. An individual knows
9 or has knowledge of a fact if the individual has actual knowledge of
10 it. An organization has notice or knowledge of a fact relating to a
11 particular transaction when the fact is brought to the attention of
12 the individual conducting the transaction and, in any event, from
13 the time the fact would have been brought to that individual's at-
14 tention if the organization had exercised reasonable diligence, but
15 such knowledge shall be subject to proof.

16 (b) A person notifies or gives notice to another by taking steps
17 reasonably calculated to inform the other in ordinary course whether
18 or not the other actually comes to know of it. A person receives a
19 notice when it comes to that person's attention. A landlord receives
20 notice when it is delivered by hand or mailed by registered mail to
21 the place of business of the landlord through which the rental agree-
22 ment was made or at any place held out by the landlord as the
23 place for receipt of the communication or when it is delivered to
24 any individual who is designated as an agent under section 13. A
25 tenant receives notice when it is: (1) Delivered by hand to the tenant;
26 (2) mailed by registered mail return receipt requested to the tenant
27 at the place held out by the tenant as the place for receipt of the
28 communication or, in the absence of such designation, to the tenant's
29 last known place of residence other than the landlord's mobile home
30 or mobile home space; or (3) posted in a conspicuous place on the
31 premises of the mobile home space rented by the tenant.

32 Sec. 9. (a) The landlord and tenant may include in a rental agree-
33 ment terms and conditions not prohibited by this act or other rule
34 of law including rent, term of the agreement and other provisions
35 governing the rights and obligations of the parties.

36 (b) The tenant shall pay as rent the amount stated in the rental
37 agreement. In the absence of a rental agreement, the tenant shall
38 pay as rent the ~~fair rental value~~ for the use and occupancy of the
39 mobile home space.

40 (c) Rent shall be payable without demand or notice at the time
41 and place agreed upon by the parties. Unless otherwise agreed pe-
42 riodic rent is payable at the beginning of any term and thereafter
43 in equal monthly installments. Rent shall be uniformly apportionable

amount verbally agreed to

9-5

1 from day to day.

2 (d) Rental agreements shall be for a term of one year unless
3 otherwise specified in the rental agreement. Rental agreements shall
4 be canceled by at least 60 days' written notice given by either party.
5 A landlord shall not cancel a rental agreement solely for the purpose
6 of making the tenant's mobile home space available for another mo-
7 bile home.

30

8 (e) If a tenant should die, the surviving joint tenant or tenant
9 in common in the mobile home shall continue as tenant with all
10 rights, privileges and liabilities as the original tenant.

11 (f) If a tenant who was sole owner of a mobile home dies during
12 the term of a rental agreement then that person's heirs or legal
13 representative or the landlord shall have the right to cancel the
14 tenant's lease by giving 60 days' written notice to the person's heirs
15 or legal representative or to the landlord, whichever is appropriate,
16 and the heirs or the legal representative shall have the same rights,
17 privileges and liabilities of the original tenant.

18 (g) Unless otherwise agreed in writing, improvements, except a
19 natural lawn, purchased and installed by a tenant on a mobile home
20 space shall remain the property of the tenant even though affixed
21 to or in the ground and may be removed or disposed of by the
22 tenant prior to the termination of the tenancy, provided that a tenant
23 shall leave the mobile home space in substantially the same or better
24 condition than upon taking possession.

25 Sec. 10. (a) A rental agreement shall not provide that the tenant
26 or landlord does any of the following:

27 (1) Agrees to waive or to forego rights or remedies under this
28 act.

29 (2) Agrees to pay the other party's attorney fees.

30 (3) Agrees to the exculpation or limitation of any liability of the
31 other party arising under law or to indemnify the other party for
32 that liability or the costs connected therewith.

33 (4) Agrees to a designated agent for the sale of tenant's mobile
34 home.

35 (b) A provision prohibited by subsection (a) included in a rental
36 agreement is unenforceable. If a landlord or tenant knowingly uses
37 a rental agreement containing provisions known to be prohibited by
38 this act, the other party may recover actual damages sustained.

39 Nothing in this act shall prohibit a rental agreement from requiring
40 a tenant to maintain liability insurance which names the landlord as
41 an insured as relates to the mobile home space rented by the tenant.

42 Sec. 11. A rental agreement, assignment, conveyance, trust deed
43 or security instrument shall not permit the receipt of rent, unless

1 (5) They are not for the purpose of evading the obligations of
2 the landlord.

3 (6) the prospective tenant is given a copy of them before the
4 rental agreement is entered into.

5 (b) Notice of all such additions, changes, deletions or amend-
6 ments shall be given to all mobile home tenants 30 days before they
7 become effective. Any rule or condition of occupancy which is unfair
8 and deceptive or which does not conform to the requirements of
9 this act shall be unenforceable. A rule or regulation adopted after
10 the tenant enters into the rental agreement is enforceable against
11 the tenant only if it does not work a substantial modification of that
12 person's rental agreement.

13 (c) A landlord shall not:

14 (1) Deny rental unless the tenant or prospective tenant cannot
15 conform to park rules and regulations.

16 (2) Require any person as a precondition to renting, leasing or
17 otherwise occupying or removing from a mobile home space in a
18 mobile home park to pay an entrance or exit fee of any kind unless
19 for services actually rendered or pursuant to a written agreement.

20 (3) Deny any resident of a mobile home park the right to sell
21 that person's mobile home at a price of the person's own choosing,
22 but may reserve the right to approve the purchaser of such mobile
23 home as a tenant but such permission may not be unreasonably
24 withheld, provided however, that the landlord may, in the event of
25 a sale to a third party, in order to upgrade the quality of the mobile
26 home park, require that any mobile home in a rundown condition
27 or in disrepair be removed from the park within 60 days.

28 (4) Exact a commission or fee with respect to the price realized
29 by the tenant selling the tenant's mobile home, unless the park
30 owner or operator has acted as agent for the mobile home owner
31 pursuant to a written agreement.

32 (5) Require tenant to furnish permanent improvements which
33 cannot be removed without damage thereto or to the mobile home
34 space by tenant at expiration of the rental agreement.

unless agreed to in writing.

35 (6) Prohibit meetings among tenants in the mobile home park
36 relating to mobile home living and affairs in the park community or
37 recreational hall if such meetings are held at reasonable hours and
38 when the facility is not otherwise in use.

39 Sec. 19. (a) A landlord shall not have the right of access to a
40 mobile home owned by a tenant unless such access is necessary to
41 prevent damage to the mobile home space or is in response to an
42 emergency situation.

43 (b) The landlord may enter onto the mobile home space at rea-

1 sonable cost or the fair and reasonable value thereof, to be applied
2 toward payment of rent on the next date when periodic rent is due
3 or, if the rental agreement is terminated, for immediate payment
4 by the landlord.

5 Sec. 23. (a) If the landlord fails to deliver physical possession of
6 the mobile home space to the tenant as provided in section 14, rent
7 abates until possession is delivered and the tenant:

8 (1) Upon at least five days' written notice to the landlord, may
9 terminate the rental agreement and upon termination the landlord
10 shall return all of the security deposit; or

11 (2) may demand performance of the rental agreement by the
12 landlord and, if the tenant elects, maintain an action for possession
13 of the mobile home space against the landlord, or any person in
14 wrongful possession, and recover the damages sustained by the
15 tenant.

16 (b) If a person's failure to deliver possession is willful and not
17 in good faith, an aggrieved party may recover from such person an
18 amount not more than 1 1/2 months' periodic rent ~~or~~ or 1 1/2 times the
19 actual damages sustained by such party, whichever is greater.

20 Sec. 24. If the landlord unlawfully removes or excludes the ten-
21 ant from the mobile home park or willfully diminishes services to
22 the tenant by interrupting or causing the interruption of electric,
23 gas, water or other essential service to the tenant, the tenant may
24 recover possession, require the restoration of essential services or
25 terminate the rental agreement and, in either case, recover an
26 amount not to exceed 1 1/2 months' periodic rent and 1 1/2 the actual
27 damages sustained by the tenant.

28 Sec. 25. (a) Except as provided in this act, if there is a material
29 noncompliance by the tenant with the rental agreement, the landlord
30 may deliver a written notice to the tenant specifying the acts and
31 omissions constituting the breach and that the rental agreement will
32 terminate upon a date not less than 30 days after receipt of the
33 notice if the breach is not remedied in 14 days. If there is a non-
34 compliance by the tenant with section 17 materially affecting health
35 and safety, the landlord may deliver a written notice to the tenant
36 specifying the acts and omissions constituting the breach and that
37 the rental agreement will terminate upon a date not less than 30
38 days after receipt of the notice if the breach is not remedied in 14
39 days. However, if the breach is remediable by repair or the payment
40 of damages or otherwise, and the tenant adequately remedies the
41 breach prior to the date specified in the notice, the rental agreement
42 will not terminate.

43 (b) If rent is unpaid when due and the tenant fails to pay rent

1 paid in full, or an agreement reached with the legal owner and the
2 landlord. The legal owner or lienholder shall be liable to the landlord
3 for the landlord's reasonable costs of removal, storage and sale of
4 the abandoned mobile home, at the option of the landlord.

5 (c) A required standardized registration form shall be filled out
6 by each tenant, upon the rental of a mobile home space, showing
7 the mobile home make, year, serial number and ~~license number~~ and
8 also showing if the mobile home is paid for, if there is a lien on
9 the mobile home, and if so the lienholder, and who is the legal
10 owner of the mobile home. The registration cards or forms shall be
11 kept on file with the landlord as long as the mobile home is on the
12 mobile home space within the mobile home park. The tenant shall
13 give notice to the landlord within 10 days of any new lien, changes
14 of existing lien or settlement of lien. Intentional falsification of the
15 registration information by the tenant, or intentional concealment of
16 changes in lien status with failure to report such changes to the
17 landlord, shall give the landlord the option to terminate the tenancy
18 after three days' notice to the tenant.

19 Sec. 28. Acceptance of performance by the tenant that varies
20 from the terms of the rental agreement or ~~rules~~ subsequently adopted
21 by the landlord constitutes a waiver of the landlord's right to ter-
22 minate the rental agreement for that breach, unless otherwise agreed
23 after the breach has occurred.

24 Sec. 29. (a) The landlord may terminate a tenancy only as pro-
25 vided in this act.

26 (b) Notwithstanding section 18, if the tenant remains in posses-
27 sion without the landlord's consent after expiration of the term of
28 the rental agreement or its termination, the landlord may bring an
29 action for possession and recover actual damages. If the tenant's
30 holdover is willful and not in good faith the landlord in addition
31 may recover an amount not to exceed 1 1/2 months' periodic rent
32 and 1 1/2 the actual damages sustained by the landlord. In any event,
33 the landlord may recover reasonable attorney fees and court costs.

34 Sec. 30. (a) If the tenant refuses to allow lawful access to the
35 mobile home space, the landlord may terminate the rental agreement
36 and may recover actual damages.

37 (b) If the landlord makes an unlawful entry or a lawful entry to
38 the mobile home space in an unreasonable manner or makes repeated
39 demands for entry otherwise lawful but which have the effect of
40 unreasonably harassing the tenant, the tenant may obtain injunctive
41 relief to prevent the recurrence of the conduct or terminate the
42 rental agreement. In either case, the tenant may recover actual
43 damages not less than an amount equal to one month's rent plus

Insert language stating tenants should list home
occupants on registration form and notify landlord
if occupants should change.



MOBILE HOME PARK • SALES & SERVICE

4637 SOUTH VILLAGE PARKWAY
TOPEKA, KANSAS 66609

(913) 862-2131

March 18, 1991

SOUTH VILLAGE, INC.

Representative John Solbach and Members of the House Judiciary Committee:

My name is Rod Taylor, President of South Village, Inc. a manufactured home community in Topeka. Please accept my apology for my absence today. I serve as a member of the Metropolitan Topeka Airport Authority Board of Directors and that meeting convened at 3:00 this afternoon. Mrs. Terry Humphrey, executive director of the Kansas Manufactured Housing Association has agreed to give my testimony.

South Village is a manufactured home community consisting of 358 home sites. If not the finest, it is certainly one of the finest manufactured home communities in the state. Some of your fellow legislators will attest to this, it isn't just our opinion. We achieved, and are able to maintain, this quality through the establishment and enforcement of written rules and regulations. They very nearly parallel the mobile home parks residential landlord and tenant act as outlined in House Bill 2547 with a few exceptions. It is to those areas that I would like to speak.

I am addressing Section 18 - 5 as it relates to shed bases. We require that all utility sheds installed at residences be placed on and bolted to concrete slabs. In effect, the installation of concrete is required, which is impractical to remove when the homeowner leaves. Eight to ten years ago, before we initiated concrete shed base requirements, high winds caused sheds to blow into tenants' homes, automobiles, other sheds and neighbors' homes, causing damage not only to the sheds but to the other structures as well. This requirement was conceived as a means of minimizing wind damage. With the concrete shed base, we no longer have the damage caused from blowing sheds and the solution has been well received and accepted by tenants. An added bonus is the esthetic value of the concrete bases. No longer do sheds take on a "lean to" appearance over time as they did when wood bases conformed to ground shift.

I would ask that if you cannot delete item 5, that you at least add language that would allow a written agreement clause such as 'unless agreed to in writing by both parties'.

Attachment #10

In most instances House Bill 2547 requires 60 day notices for termination of tenancy. First, by landlord or tenant for cancellation of a rental agreement. South Village, and indeed most all manufactured home communities in the state have operated successfully for a number of years with a 30 day requirement by either party to terminate a lease. Certainly tenants who elect to move from a community prefer a 30 day notice, lessening their financial obligation to the community operator when they choose to move. If I make them give 60 day notices it could cause tenants hardships and also make me the 'mean old landlord'. Consequently, I probably will only enforce a thirty day notice from the tenant, but have to give my tenants a 60 day notice of lease termination.

This bill also includes the 60 day provision for an eviction and it is to that I wish to speak most sincerely. Very nearly every eviction is for one of two reasons - non payment of rent or non compliance with rules. When rent is not paid and an eviction action is filed, rent ceases. It's just a fact of life. The only monetary relief to the landlord comes from the tenant's security deposit. Increasing the notice from 30 days to 60 doubles the money lost by the landlord. To combat this inevitability, we would have to collect two months rent, the maximum allowed, instead of our present rate of approximately 2/3 of one month's rent as security deposit, something that could cause yet another deterrent to the manufactured housing industry. In addition, a thirty day eviction is a reality only if the tenant chooses to leave within the thirty day period. If he does not choose to leave, and makes no court appearance, the eviction process takes approximately 60 days. If he does not choose to leave, and makes only one court appearance but never appears at trial, the eviction is prolonged to 90 days. With the initial time frame of 60 days, this process is automatically extended to 120 days.

Let me relate the story of an eviction a year ago. The tenant had lived at South Village for approximately 3 years. While he was not a model tenant, neither was he undesirable. During the last 6 months of his tenancy, problems arose due to his drinking. We put up with the police being called to his residence 2 or 3 times a month. His wife had him arrested a couple of times for abuse. The police were called by neighbors on several occasions because of domestic disturbances. In one drunken rage he through his wife out of the house and she went to the home of a neighbor. An hour later, he through her clothes out the front door, poured gasoline on them and set them on fire. The fire department and the manager were called. This resulted in a stern warning from the manager. Now remember this all occurred because of his drinking problem. Indeed when he was sober he was a perfect gentleman and even apologized for his actions.

The final drunken episode began on a Saturday night as a domestic disturbance. He chased his wife from their residence and began to beat her in the front yard. A neighbor came to her rescue and took her to his home next door for protection. Her husband went back into their house, came out with a ball bat and tried to break down the neighbor's door. Not succeeding, he went back to his house and got a hand gun. He fired several shots into the

air and threatened other neighbors who tried to quiet him. Next he proceeded to shoot two holes in the home where his wife had taken refuge. The police arrived and he was taken into custody. Three hours later he was back home, still drunk, still in possession of a hand gun, and threatening neighbors.

The people who lived near this man were now terrified of his actions when under the influence of alcohol. They wanted him out, immediately. However, our only recourse was to serve a 30 day eviction and hope that indeed he would leave of his own accord within the 30 day period. In this instance 30 days was too long but House Bill 2547 would require that we give this same individual 60 days. What would you have wanted if you, your son or daughter had been this man's neighbor?

This incident represents our very worst case scenario. Something this serious has only happened once in the 10 years I have been at South Village and I certainly don't expect it in another 10 years - if ever. However, even present eviction procedures are not adequate for the truly serious violations and we cannot afford to have them be lengthened more. When an eviction is for violation of rules, other tenants are usually even more anxious to have the person removed from the community than is management. They are the ones most affected by those violations and expect immediate action from management. Please don't take this accepted policy away from us. We have a responsibility to all of our tenants and they demand it.

This now brings me to the last concern I have with House Bill 2547. Section 28 says that if we accept performance by a tenant that varies from the rules or rental agreement that we waive the right to terminate the rental agreement for that breach. Ladies and gentlemen, I cannot in good conscience evict a tenant when he comes home drunk once or twice and has a domestic problem. I have to believe that generally that problem will be resolved and that he deserves another chance. Section 28 says that this is not the case, that if I accept this behavior once, I must accept it as the norm. I would ask that you consider adjusting this language, at least by dropping the words 'or rules' from this section.

Again I apologize for not being present. This is an issue very near and dear to my heart and wish I could be here to answer your questions. I am available to you by phone at 862-0321 or I am willing to appear before you at a time of your choice. Thank you for listening.

Sincerely Yours,



Rod Taylor, President
South Village, Inc.

SHEILA FRAHM

DISTRICT 40

CHEYENNE, DECATUR, GOVE, GRAHAM,
LOGAN, RAWLINS, SCOTT, SHERIDAN,
SHERMAN, THOMAS, WALLACE, WICHITA
COUNTIES

985 S. RANGE
COLBY, KANSAS 67701

(913) 462-6948—HOME



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

CHAIRPERSON: JOINT COMMITTEE ON ADMINISTRATIVE
RULES AND REGULATIONS
VICE CHAIRPERSON: EDUCATION
MEMBER: AGRICULTURE
ASSESSMENT AND TAXATION
ENERGY AND NATURAL RESOURCES
LOCAL GOVERNMENT

RE: SB 207

Chairman Solbach and members of the House Judiciary Committee:

Thank you for the opportunity to bring SB 207 to the attention of your committee. This bill was introduced at the request of an attorney in Northwest Kansas. Following two situations where he had spent extra court time (& his time) to insure that high school students who had already reached their 18th birthday, but were still students, would not be dropped from their SRS support system. In both cases SRS was willing to extend the independent living program for the child and, after considerable work, the judge involved in each case finally agreed to this.

It is the experience of this attorney that the Juvenile Courts were looking only at K.S.A. 38-1502 and 1503 from the Code for Care of Children and K.S.A. 39-702, the Social Welfare Chapter. That Chapter states that jurisdiction ends at age 18 unless the court chooses to extend it. The Juvenile Courts generally do not look at chapter 39, which indicates that a dependent child is one who is under 19 and in secondary school.

Please note p. 1, lines 32-36 which amends K.S.A. 38-1503 to specifically note that *"Except upon request of the child, the court shall not enter an order discharging a child which reaches 18 years of age before completing the child's high school education until June 1 of the school year during which the child became 18 years of age as long as the child is still attending high school."*

In many communities, a lot of pressure can be brought on judges to hold down the expense of foster care, or families at odds with the juvenile may apply pressure to a judge to just drop the child. Additionally, this attorney experienced a judge who stated that the *guardian ad litem* would not be reimbursed at all should he pursue the matter, or perhaps the social worker is too overloaded and does not follow up on the matter.

Since Chapter 38 is for the benefit and protection of our youth, it should clearly protect them from termination of foster care where they are still in need of it in their senior year in high school.

(Attachments: Testimony faxed by Charles A. Peckham for your consideration, copies of statutes referenced in testimony, and the Fiscal note for SB 207)

HJUD
Attachment # 11
3-18-91

February 23, 1991

Comments Concerning Proposed Revisions of Age for SRS Support.

In the last year I have become sharply aware that the Code for Care of Children lacked clarity on a very important issue.

The Kansas Divorce code in Chapter 60 makes it clear that child support has to continue for a child until that child has graduated from high school even though the child has already had his/her 18th birthday. The reason is obviously that with the change in starting school most children do not graduate from high school until after their 18th birthday.

The Code for Care of Children has left this unclear. Twice in the last year I have represented juveniles who had been determined to be children in need of care and who had been removed from their homes. They had virtually no contact or support from their parents in either case. In both cases the judge came very close to terminating SRS support when the child reached 18, even though this would have left the child the middle of their high school year with no support and no home. In both cases SRS was willing to extend the independent living program to the child and, after considerable work, the judge involved in each case agreed to this.

The uncertainty certainly did neither child any benefit. ~~It involved extra~~ ~~costs~~. Moreover, while the child's best interest in these two cases were met, I wonder about other children whose *guardian ad litem*s are too busy to pursue such a case or to do so when the judge has stated that the *guardian ad litem* will not be reimbursed at all should the *guardian ad litem* pursue the matter or whose social worker is too overloaded. This uncertainty should not exist.

Children whose parents have divorced are certainly in a tragic situation, but those children who have been moved from their parents home due to conditions there or abandoned by their parents are in a worse situation. There is no reason for the State to require support for children of divorced parents past their 18th birthday until they graduate from High School but not do so for other children whose situation is even worse.

In this age of tight budgets, the objection that this will cost too much may be raised. The expense, I think, would be minor since in most cases we would be talking about a few more months of SRS support. Furthermore, as I have already noted, SRS in many cases is supporting these children through the independent living program. More importantly, we need to look at the long term. Enabling a child who is in a very stressed situation to at least get through high school puts them in a better position to get a decent job and to become a contributing, taxpaying member of society rather than a drop out who works a minimum wage jobs and who, in my judgement, would be more likely to cause additional expense to their community and state.

I respectfully request that the bill co-sponsored by Senator Sheila Frahm be passed to ensure that no child in need of care is dropped from SRS support until such time as they are 18 and have graduated from High School.

Respectfully submitted,


Charles A. Peckham

143-N

BROWN, CREIGHTON & PECKHAM

308 Main - Box 46
Atwood, KS 67730
913-626-3295

FAX NO. 913-626-9448

FAX TRANSMISSION

=====

TO: FAX NO: 1-296-6718

NAME: SHEILA FRAHM

COMPANY: _____

LOCATION: Topeka

FROM: Charles Peckham

RE: Senate Bill 207

DATE: 2/25/91 11:15 am

PAGES: 8 Including Cover Page

MESSAGE: _____

11-3

BROWN, CREIGHTON & PECKHAM

P.O. BOX 46, 308 Main,

Atwood, KS 67730

PH: 913 626 3295

FAX: 913 626 8446

TO: Sheila Frahm

FROM: cap

CC: FILE;


RE: Senate Bill 207

DATE: February 25, 1991

Enclosed please find copies of the current K.S.A. 38-1502 and 1503 from the Code for Care of Children and K.S.A. 39-702, the Social Welfare Chapter. My experience has been that when dealing with juveniles that the Court looks at the Code for Care of Children, Chapter 38. That Chapter states that jurisdiction ends at age 18 unless the court chooses to extend it. The Juvenile Courts generally *do not* look at chapter 39, which indicates that a dependent child is one who is under 19 and in secondary school.

As I have previous indicated, twice in the last year I have represented juveniles who were children in need of care and who were still in High School where the Court attempt to terminate SRS support and foster care at age 18, even though in both cases the juvenile was receiving no support, emotionally or financial, from their families. Chapter 38, in my opinion, should specifically require that the case be continued until a child who is 18 graduates from high school. It should not be optional with the judge. To do otherwise risks that juveniles who turn 18 will have support withdrawn from them before they finish high school through no fault of their own. This will sharply increase the likelihood of dropping out of school. A juvenile who is in foster care, by definition, is generally in a highly stressed situation since Courts do not intervene in family affairs except where things have gotten bad. The situation should not be made worse by putting them on their own before they graduate from high school.

In many communities, a lot of pressure can be brought on Judges to hold down the expense of foster care, or families at odds with the juvenile may apply great pressure to a judge to just drop the child. Since Chapter 38 is for the benefit and protection of our youth, it should clearly protect them from termination of foster care where they are still in need of it in their senior year in high school.


Charles A. Peckham
BROWN, CREIGHTON & PECKHAM,
P.O. BOX 46, 308 Main,
Atwood, Ks 67730
913 626-3295

*the 207 line 32 - 36
not an attorney - ask you review & consultation 11-4
SRS case same as the*

38-1315

MINORS

38-1315.

Law Review and Bar Journal References: "Election of Remedies in Multistate Child Custody Disputes: Writ of Habeas Corpus or Filing and Enforcement of Foreign Custody Pursuant to the Uniform Child Custody Jurisdiction Act." Michael Laster, Vol. X, No. 2, J.K.T.L.A. 15 (1986).

38-1323.

CASE ANNOTATIONS

1. Cited; burden to establish pendency of another action and applicability of UCCJA examined; pending divorce proceeding in France noted. In re Marriage of Nasica, 12 K.A.2d 794, 797, 758 P.2d 240 (1988).

Article 14.—CHILDREN AND YOUTH ADVISORY COMMITTEE

38-1401.

Attorney General's Opinions: Children and youth advisory committee—compensation; office space and staff assistance. 88-150.

38-1403.

Attorney General's Opinions: Children and youth advisory committee—compensation; office space and staff assistance. 88-150.

Article 15.—KANSAS CODE FOR CARE OF CHILDREN

Law Review and Bar Journal References: "A Quantitative and Descriptive Survey of Evidence Law in the Kansas Appellate Courts," Stanley D. Davis, 37 K.L.R. 715, 780 (1989).

Attorney General's Opinions: Reporting of abuse or neglect of children: court services officers. 89-100. Child in need of care petitions; duties of county or district attorney to represent SRS. 90-33.

GENERAL PROVISIONS

38-1501.

Attorney General's Opinions: Filing of petition on referral by SRS or other person; filing by individual; authority of SRS to file child in need of care petitions. 85-26. Investigation of reports of suspected child abuse or neglect. 85-150. Reasonable efforts to avoid placing child in need of care outside home. 89-31.

CASE ANNOTATIONS

5. Cited; existence of confidential relationships pursuant to 38-1514 examined. State v. Munyon, 240 K. 53, 54, 726 P.2d 1333 (1986). 6. Cited; review by indigent defense services board of claims by appointed attorneys (22-4522) constitutional. Clark v. Ivy, 240 K. 195, 202, 727 P.2d 493 (1986). 7. When child involved in involuntary proceeding may be Indian, notice must be served on tribe or Secretary of Interior. In re H.D., 11 K.A.2d 531, 536, 729 P.2d 1234 (1986).

8. Cited; relinquishment of parental rights under 125 et seq. while severance proceeding (38-1581 et seq.) pending examined. In re A.W., 241 K. 810, 812, 740 P.2d 82 (1987).

9. In appeal from magistrate judge's decision, district court must hear case as if originally filed. In re K.J., K.A.2d 198, 190, 737 P.2d 874 (1987).

10. Trial de novo required on appeal to district court (38-1591) from proceeding pursuant hereto. In re K.J., 2 K. 418, 748 P.2d 419 (1989).

11. Cited; legal obligation of county to provide counsel for indigent defendants charged with misdemeanor; hourly rate allowed examined. Board of Osage County Comm'rs v. Burns, 242 K. 544, 545, 747 P.2d 1338 (1988).

12. Applicability of minimum contacts rule in 60-306 to termination of parental rights (38-1581 et seq.) determined. In re M.L.K., 13 K.A.2d 251, 254, 768 P.2d 311 (1989).

38-1502. Definitions. As used in this code, unless the context otherwise indicates:

(a) "Child in need of care" means a person less than 18 years of age who:

(1) Is without adequate parental care, control or subsistence and the condition is not due solely to the lack of financial means of the child's parents or other custodian;

(2) is without the care or control necessary for the child's physical, mental or emotional health;

(3) has been physically, mentally or emotionally abused or neglected or sexually abused;

(4) has been placed for care or adoption in violation of law;

(5) has been abandoned or does not have a known living parent;

(6) is not attending school as required by K.S.A. 72-977 or 72-1111, and amendments thereto;

(7) except in the case of a violation of K.S.A. 41-727 or subsection (j) of K.S.A. 1989 Supp. 74-8810, and amendments thereto, does an act which, when committed by a person under 18 years of age, is prohibited by state law, city ordinance or county resolution but which is not prohibited when done by an adult.

(8) while less than 10 years of age, commits any act which if done by an adult would constitute the commission of a felony or misdemeanor as defined by K.S.A. 21-3105 and amendments thereto;

(9) is willfully and voluntarily absent from the child's home without the consent of the child's parent or other custodian; or

(10) is willfully and voluntarily absent at least a second time from a court ordered or designated placement, or a placement pursuant to court order, if the absence is without the consent of the person with whom the child is placed or, if the child is placed in a facility,

...out the consent of facility or such pe "Physical, mental" means the infl... emotional injury... of a child and... limited to, failing... and treatment, n... treatment or exploit... the child's health c... endangered. A parent... beliefs who do... treatment for... beliefs shall not l... a negligent p... shall not pre... an order pursuan... A. 38-1513 and am... "Sexual abuse" r... with a child which... chapter 21 of the... and those acts de... or 21-3603, and ar... of the age of t... "Parent," when... or children, incl... and every pers... maintain, care for o... "Interested party... the child, as... found to be an int... K.S.A. 38-1541 and... "Law enforce... person who by virtue... is vested by l... public order or to r... that duty exte... to specific crim... "Youth residenti... home, foster home or st... hour-a-day care for... pursuant to ar... the Kansas Statutes An... "Shelter facility" private facility or home... care facility that i... with this code for... either temporary pl... children in need of ca... of a dispositional orde... under a dispositional o... "Juvenile detent... secure public or priva... custody of accu... while offenders which

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without the consent of the person in charge of
such facility or such person's designee.

h "Physical, mental or emotional abuse or
neglect" means the infliction of physical, men-
tal or emotional injury or the causing of a de-
terioration of a child and may include, but shall
not be limited to, failing to maintain reasonable
care and treatment, negligent treatment or
maltreatment or exploiting a child to the extent
that the child's health or emotional well-being
is endangered. A parent legitimately practicing
religious beliefs who does not provide specified
medical treatment for a child because of reli-
gious beliefs shall not for that reason be con-
sidered a negligent parent; however, this
exception shall not preclude a court from en-
tering an order pursuant to subsection (a)(2) of
K.S.A. 38-1513 and amendments thereto.

c "Sexual abuse" means any act commit-
ted with a child which is described in article
35, chapter 21 of the Kansas Statutes Anno-
tated and those acts described in K.S.A. 21-
3602 or 21-3603, and amendments thereto, re-
gardless of the age of the child.

d "Parent," when used in relation to a
child or children, includes a guardian, con-
servator and every person who is by law liable
to maintain, care for or support the child.

e "Interested party" means the state, the
petitioner, the child, any parent and any per-
son found to be an interested party pursuant
to K.S.A. 38-1541 and amendments thereto.

f "Law enforcement officer" means any
person who by virtue of office or public em-
ployment is vested by law with a duty to main-
tain public order or to make arrests for crimes,
whether that duty extends to all crimes or is
limited to specific crimes.

g) "Youth residential facility" means any
home, foster home or structure which provides
24-hour-a-day care for children and which is
licensed pursuant to article 5 of chapter 65 of
the Kansas Statutes Annotated.

h) "Shelter facility" means any public or
private facility or home other than a juvenile
detention facility that may be used in accord-
ance with this code for the purpose of provid-
ing either temporary placement for the care of
children in need of care prior to the issuance
of a dispositional order or longer term care
under a dispositional order.

i "Juvenile detention facility" means any
secure public or private facility used for the
lawful custody of accused or adjudicated ju-
venile offenders which must not be a jail.

(j) "Adult correction facility" means any
public or private facility, secure or nonsecure,
which is used for the lawful custody of accused
or convicted adult criminal offenders.

(k) "Secure facility" means a facility which
is operated or structured so as to ensure that
all entrances and exits from the facility are
under the exclusive control of the staff of the
facility, whether or not the person being de-
tained has freedom of movement within the
perimeters of the facility, or which relies on
locked rooms and buildings, fences or physical
restraint in order to control behavior of its res-
idents. No secure facility shall be in a city or
county jail.

(l) "Ward of the court" means a child over
whom the court has acquired jurisdiction by
the filing of a petition pursuant to this code
and who continues subject to that jurisdiction
until the petition is dismissed or the child is
discharged as provided in K.S.A. 38-1503 and
amendments thereto.

(m) "Custody," whether temporary, pro-
tective or legal, means the status created by
court order or statute which vests in a custo-
dian, whether an individual or an agency, the
right to physical possession of the child and
the right to determine placement of the child,
subject to restrictions placed by the court.

(n) "Placement" means the designation by
the individual or agency having custody of
where and with whom the child will live.

(o) "Secretary" means the secretary of so-
cial and rehabilitation services.

(p) "Relative" means a person related by
blood, marriage or adoption but, when refer-
ring to a relative of a child's parent, does not
include the child's other parent.

(q) "Court-appointed special advocate"
means a responsible adult other than an at-
torney guardian *ad litem* who is appointed by
the court to represent the best interests of a
child, as provided in K.S.A. 38-1505a and
amendments thereto, in a proceeding pursuant
to this code.

(r) "Multidisciplinary team" means a group
of persons, appointed by the court or by the
state department of social and rehabilitation
services under K.S.A. 1989 Supp. 38-1523a
and amendments thereto, which has knowl-
edge of the circumstances of a child in need
of care.

(s) "Jail" means:
(1) An adult jail or lockup; or
(2) a facility in the same building or on the
same grounds as an adult jail or lockup, unless

38-1503**MINORS**

the facility meets all applicable standards and licensure requirements under law and there is (A) total separation of the juvenile and adult facility spatial areas such that there could be no haphazard or accidental contact between juvenile and adult residents in the respective facilities; (B) total separation in all juvenile and adult program activities within the facilities, including recreation, education, counseling, health care, dining, sleeping, and general living activities; and (C) separate juvenile and adult staff, including management, security staff and direct care staff such as recreational, educational and counseling.

History: L. 1982, ch. 182, § 2; L. 1983, ch. 140, § 12; L. 1984, ch. 153, § 1; L. 1985, ch. 144, § 1; L. 1986, ch. 158, § 2; L. 1987, ch. 112, § 36; L. 1988, ch. 138, § 1; L. 1989, ch. 95, § 7; L. 1990, ch. 146, § 2; L. 1990, ch. 150, § 4; Jan. 1, 1991.

Law Review and Bar Journal References:
"CASA: A Voice for Children," Derenda Mitchell, 58 J.K.B.A. No. 5, 28, 29 (1989).

Attorney General's Opinions:

Investigation of reports of suspected child abuse or neglect. 85-150.

School attendance, curriculum and accreditation; responsibility to investigate home instruction. 85-159.

Postadjudicatory proceedings; duties of county attorney. 86-3.

Chronic runaways; placement in secure facilities. 88-130.
Exceptional children; compulsory school attendance; duty to investigate and file petition. 90-19.

CASE ANNOTATIONS

3. Cited; findings required in order after determining child in need of care (38-1563) examined. In re A.B., 12 K.A.2d 391, 393, 746 P.2d 96 (1987).

4. One cannot be legal guardian unless made an interested party, or status as guardian requested. In re A.F., 13 K.A.2d 232, 239, 767 P.2d 846 (1989).

38-1504.**Attorney General's Opinions:**

Filing of petition on referral by SRS or other person; filing by individual; authority of SRS to file child in need of care petitions. 85-28.

CASE ANNOTATIONS

2. When child involved in involuntary proceeding may be Indian, notice must be served on tribe or Secretary of Interior. In re H.D., 11 K.A.2d 531, 536, 729 P.2d 1234 (1986).

38-1505.**Law Review and Bar Journal References:**

"CASA: A Voice for Children," Derenda Mitchell, 58 J.K.B.A. No. 5, 28, 29 (1989).

CASE ANNOTATIONS

1. Cited; legal obligation of county to provide counsel for indigent defendants charged with misdemeanors, hourly rate allowed examined. Board of Osage County Comm'rs v. Burtis, 242 K. 544, 548, 747 P.2d 1338 (1988).

2. Requirements before child in need of care can be filed inapplicable to proceedings under part (38-1110 et seq.). In re Marriage of O'Brien, 13 402, 407, 772 P.2d 278 (1989).

38-1505a.

Law Review and Bar Journal References:
"CASA: A Voice for Children," Derenda Mitchell, 58 J.K.B.A. No. 5, 28, 29 (1989).

38-1506. Court records; preservation records. (a) *Official file.* The official file of proceedings pursuant to this code shall consist of the petition, process, service of process orders, writs and journal entries reflecting findings heard and judgments and decrees entered by the court. The official file shall be separate from other records of the court. The official file shall be privileged and shall not be disclosed directly or indirectly to any person except:

(1) A judge of the district court and members of the staff of the court designated by the judge of the district court;

(2) the guardian *ad litem* and the parties to the proceedings and their attorneys;

(3) a public or private agency or institution having custody of the child under court order and

(4) any other person when authorized by court order, subject to any conditions imposed by the order.

(b) *Social file.* Reports and information received by the court, other than the official file, shall be privileged and open to inspection only by the guardian *ad litem* or an attorney for interested party or upon court order. The reports shall not be further disclosed by the guardian *ad litem* or attorney without approval of the court or by being presented as admissible evidence.

(c) *Preservation of records.* The Kansas state historical society shall be allowed to take possession for preservation in the state archives of any court records related to proceedings under the Kansas code for care of children whenever such records otherwise would be destroyed. No such records in the custody of the Kansas state historical society shall be disclosed directly or indirectly to anyone for 1 year after creation of the records, except as provided in subsections (a) and (b). Pursuant to subsections (a)(4) and (b), a judge of the district court may allow inspection for research purposes of any court records in the custody of the Kansas state historical society related to proceedings under the Kansas code for care of children.

MINORS

CODE FOR CARE OF CHILDREN

jurisdiction until the petition is dismissed or the child is discharged as provided in K.S.A. 38-1503 and amendments thereto.

(m) "Custody," whether temporary, protective or legal, means the status created by court order or statute which vests in a custodian, whether an individual or an agency, the right to physical possession of the child and the right to determine placement of the child, subject to restrictions placed by the court.

(n) "Placement" means the designation by the individual or agency having custody of where and with whom the child will live.

(o) "Secretary" means the secretary of social and rehabilitation services.

(p) "Relative" means a person related by blood, marriage or adoption but, when referring to a relative of a child's parent, does not include the child's other parent.

(q) "Court-appointed special advocate" means a responsible adult other than an attorney guardian *ad litem* who is appointed by the court to represent the best interests of a child, as provided in K.S.A. 38-1505a and amendments thereto, in a proceeding pursuant to this code.

History: L. 1982, ch. 182, § 2; L. 1983, ch. 140, § 12; L. 1984, ch. 153, § 1; L. 1985, ch. 144, § 1; L. 1986, ch. 158, § 2; July 1.

Revisor's Note:

Section was amended twice in 1985 session, see also 38-1502a.

Law Review and Bar Journal References:

"Home Education v. Compulsory Attendance Laws: Whose Kids Are They Anyway?" David Allen Peterson, 24 W.L.J. 274, 295 (1985).

CASE ANNOTATIONS

1. Cited in holding unaccredited "home school" taught by uncertified teacher-mother with no testing, planning or scheduling not school under 72-1111. *In re Sawyer*, 234 K. 436, 438, 672 P.2d 1093 (1983).

2. Cited in holding incapacitated parent entitled to service on guardian and conservator (60-304(c)) in severance proceedings. *In re Baby Boy Bryant*, 9 K.A.2d 768, 772, 774, 689 P.2d 1203 (1984).

38-1502a.

History: L. 1982, ch. 182, § 2; L. 1983, ch. 140, § 12; L. 1984, ch. 153, § 1; L. 1985, ch. 145, § 3; Repealed, L. 1986, ch. 158, § 4; July 1.

38-1503. Jurisdiction. (a) Proceedings concerning any child who appears to be a child in need of care shall be governed by this code, except in those instances when the Indian child welfare act of 1978 (25 USC §§ 1901 *et seq.*) applies.

(b) Subject to the uniform child custody jurisdiction act (K.S.A. 38-1301 *et seq.*), the district court shall have original jurisdiction to receive and determine proceedings under this code.

(c) When jurisdiction has been acquired by the court over the person of a child in need of care it may continue until the child: (1) Has attained the age of 21 years; (2) has been adopted; or (3) has been discharged by the court. Any child 18 years of age or over may request by motion to the court, that the jurisdiction of the court cease; thereupon, the court shall enter an order discharging the person from any further jurisdiction of the court.

(d) When it is no longer appropriate for the court to exercise jurisdiction over a child the court, upon its own motion or the motion of an interested party, shall enter an order discharging the child.

(e) Unless the court finds that substantial injustice would result, the provisions of this code shall govern with respect to acts or omissions occurring prior to the effective date of this code and with respect to children alleged or adjudicated to have done or to have been affected by the acts or omissions, to the same extent as if the acts or omissions had occurred on or after the effective date and the children had been alleged or adjudicated to be children in need of care.

History: L. 1982, ch. 182, § 3; Jan. 1, 1983.

CASE ANNOTATIONS

1. Uniform child custody jurisdiction act applicable to continuing child custody case hereunder. *In re Wicks*, 10 K.A.2d 124, 125, 693 P.2d 481 (1984).

38-1504. Venue. (a) Venue of any case involving a child in need of care shall be in the county of the child's residence or in the county where the child may be found.

(b) Upon application of the petitioner, or any person authorized to appeal any final order in any proceedings pursuant to this code and after notice to all other interested parties, the court in which original proceedings are pending alleging that a child is a child in need of care may order the proceedings transferred to the court of the county where the child is physically present, where the parent or parents reside or where other proceedings are pending in this state concerning custody of the same child or children. The judge of the court in

which the case is transferred shall be transferred to the court of the county where the child is physically present, where the parent or parents reside or where other proceedings are pending in this state concerning custody of the same child or children. The judge of the court in which the case is transferred shall be transferred to the court of the county where the child is physically present, where the parent or parents reside or where other proceedings are pending in this state concerning custody of the same child or children.

History: L. 1982, ch. 140, § 13

38-1505.

pointment of guardian ad litem. Upon the filing of a petition for appointment of a guardian ad litem for a child in need of care, the court shall appoint a person as guardian ad litem for the child, in conformity with the provisions of this code, who shall be able to represent the child, in conformity with the provisions of this code, and shall attend the hearing.

(b) **Attorney for parent or guardian ad litem.** The parent or guardian ad litem of a child in need of care shall be represented by an attorney. The attorney shall be appointed by the court, in conformity with the provisions of this code, and shall attend the hearing.

PERSONS

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Sections:
Art. 7.

63, § 8; G.S. 1868,
51, § 1; L. 1917, ch.
53, § 1; R.S. 1923,
957, ch. 267, § 1;

138, §§ 2, 3; R.S.
repealed, L. 1957, ch.

SOCIAL WELFARE

Sections:

Kan. Const., Art. 7, § 4.
re by probate court, see

rehabilitation services, see

References:

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S.A.K. 23, 27 (1937).

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Public Welfare §§ 2, 3.
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SOCIAL WELFARE

39-702

CASE ANNOTATIONS

1. Act repealed 39-313 by implication. State v. Lange, 148 K. 614, 615, 616, 617, 618, 83 P.2d 653.

2. Cited; county required to raise fund produced by three-mill levy; application sales tax residue. State, ex rel. v. Jackson County Board of Social Welfare, 161 K. 672, 675, 171 P.2d 651.

3. Cited in holding insurance protection provided by 74-4707 through 74-4713 is applicable to county welfare director under facts of case. Mott, Executor v. Mitchell, 209 K. 476, 486, 496 P.2d 1297.

4. This and following sections cited in holding that where S.R.S. was obligor under contract, it had duty to pay nursing homes for bills of welfare patients. Seneca Nursing Home v. Secretary of S.R.S., 604 F.2d 1309, 1310, 1315.

5. Cited; in absence of specific statutory authority the S.R.S. cannot maintain action for punitive damages. State ex rel. Secretary of S.R.S. v. Fomby, 11 K.A.2d 138, 141, 144, 715 P.2d 1045 (1986).

39-702. Definitions. The following words and phrases when used in this act shall, for the purposes of this act, have the meanings respectively ascribed to them in this section:

(a) "Secretary" means the secretary of social and rehabilitation services.

(b) "Applicants" means all persons who, as individuals, or in whose behalf requests are made of the secretary for aid or assistance.

(c) "Social welfare service" may include such functions as giving assistance, the prevention of public dependency, and promoting the rehabilitation of dependent persons or those who are approaching public dependency.

(d) "Assistance" includes such items or functions as the giving or providing of money, food stamps or coupons, food, clothing, shelter, medicine or other materials, the giving of any service, including instructive or scientific, and the providing of institutional care, which may be necessary or helpful to the recipient in providing the necessities of life for the recipient and the recipient's dependents. The definitions of social welfare service and assistance in this section shall be deemed as partially descriptive and not limiting.

(e) "Aid to families with dependent children" means financial assistance with respect to or on behalf of a dependent child or dependent children and includes financial assistance for any month to meet the needs of the relative with whom any dependent child is living.

(f) "Medical assistance" means the payment of all or part of the cost of necessary:

(1) Medical, remedial, rehabilitative or preventive care and services which are within the scope of services to be provided under a medical care plan developed by the secretary pursuant to this act and furnished by health care providers who have a current approved provider agreement with the secretary, and (2) transportation to obtain care and services which are within the scope of services to be provided under a medical care plan developed by the secretary pursuant to this act.

(g) "Dependent children" means needy children under the age of 18, or who are under the age of 19 and are full-time students in secondary schools or the equivalent educational program or are full-time students in a program of vocational or technical training if they may be reasonably expected to complete the training before attaining age 19, who have been deprived of parental or guardian support or care by reasons of the death, continued absence from the home, or physical or mental incapacity of a parent or guardian, and who are living with any blood relative, including those of the half-blood, and including first cousins, uncles, aunts, and persons of preceding generations are denoted by prefixes of grand, great, or great-great, and including the spouses or former spouses of any persons named in the above groups, in a place of residence maintained by one or more of such relatives as their own home. The secretary may adopt rules and regulations which extend the deprivation requirement under this definition to include being deprived of parental or guardian support or care by reason of the unemployment of a parent or guardian. The term "dependent children" also includes children who would meet the foregoing requirements except for their removal from the home of a relative as a result of judicial determination to the effect that continuation therein would be contrary to the welfare of such children, for whose placement and care the secretary is responsible, who have been placed in a foster family home or child care institution as a result of such determination and who received aid to dependent children in or for the month in which court proceedings leading to such determination were initiated, or would have received such aid in or for such month if application had been made therefor, or in the case of a child who

39-703 MENTALLY ILL, INCAPACITATED, DEPENDENT PERSONS

had been living with a relative specified above within six months prior to the month in which such proceedings were initiated, would have received such aid in or for such month if in such month such child had been living with and removed from the home of such a relative and application had been made therefor.

(h) "The blind" means not only those who are totally and permanently devoid of vision, but also those persons whose vision is so defective as to prevent the performance of ordinary activities for which eyesight is essential.

(i) "General assistance" means financial assistance in which the cost of such financial assistance is not participated in by the federal government. General assistance may be limited to transitional assistance in some instances as specified by rules and regulations adopted by the secretary.

(j) "Recipient" means a person who has received assistance under the terms of this act.

(k) "Intake office" means the place where the secretary shall maintain an office for receiving applications.

(l) "Adequate consideration" means consideration equal, or reasonably proportioned to the value of that for which it is given.

(m) "Transitional assistance" means a form of general assistance in which as little financial assistance as one payment may be made during each period of 12 consecutive calendar months to an eligible and needy person and all other persons for whom such person is legally responsible.

History: L. 1937, ch. 327, § 2; L. 1951, ch. 288, § 1; L. 1953, ch. 391, § 34; L. 1955, ch. 236, § 1; L. 1957, ch. 268, § 1; L. 1963, ch. 255, § 1; L. 1967, ch. 245, § 1; L. 1969, ch. 226, § 1; L. 1973, ch. 186, § 2; L. 1978, ch. 159, § 1; L. 1981, ch. 185, § 1; L. 1983, ch. 143, § 1; March 10.

Law Review and Bar Journal References:

"Exclusionary Zoning and Its Effects on Group Homes in Areas Zoned for Single-Family Dwellings," 24 K.L.R. 677, 699 (1976).

CASE ANNOTATIONS

1. Action for recovery of reasonable charges; plaintiff's class provided medical assistance under statutes. *Seneca Nursing Home v. Kansas State Bd. of Social Welf.*, 490 F.2d 1324, 1333.

2. General assistance recipient who is VISTA worker is employed and not required to participate in work projects; general assistance may not be reduced

by amount worker receives. *In re McGhee*, 5 K.A.2d 461, 618 P.2d 859.

3. Recovery of support under 39-718a and 39-755 constitutional; absent parent may assert defenses before judgment. *State ex rel. Secretary of SRS v. Castro*, 235 K. 704, 709, 714, 684 P.2d 379 (1984).

4. Where father's action did not constitute continued absence, mother not entitled to AFDC. *State ex rel. Secretary of S.R.S. v. Fomby*, 11 K.A.2d 138, 145, 146, 715 P.2d 1045 (1986).

39-703 to 39-707.

History: L. 1937, ch. 327, §§ 3 to 7; Repealed, L. 1939, ch. 202, § 10; April 15.

39-708.

History: L. 1937, ch. 327, § 8; L. 1951, ch. 288, § 2; L. 1963, ch. 255, § 2; L. 1965, ch. 286, § 1; L. 1967, ch. 245, § 2; L. 1969, ch. 226, § 2; L. 1970, ch. 167, § 1; L. 1971, ch. 153, § 1; L. 1973, ch. 187, § 1; Repealed, L. 1973, ch. 186, § 42; Jan. 1, 1974.

CASE ANNOTATIONS

1. Discussed in holding lien provision (now repealed) constitutional. *Hawkins v. Social Welfare Board*, 148 K. 760, 761, 84 P.2d 930.

2. County board cannot sue and be sued; powers generally discussed. *Dellinger v. Harper County Social Welfare Board*, 155 K. 207, 211, 124 P.2d 513.

3. Discussed; mandatory to raise fund produced by three-mill levy; sales tax residue application. *State, ex rel., v. Jackson County Board of Social Welfare*, 161 K. 672, 675, 171 P.2d 651.

4. State welfare department may maintain action to recover fraudulent payment to recipient. *State dep't of Social Welfare v. Leonard*, 166 K. 630, 632, 633, 635, 203 P.2d 207.

5. Cited in holding insurance protection provided by 74-4707 through 74-4713 is applicable to county welfare director under facts of case. *Mott, Executor v. Mitchell*, 209 K. 476, 486, 487, 496 P.2d 1297.

6. Subsection (k) cited; eligibility for benefits under social welfare act does not create implied contract giving rise to a suit for damages. *Valkenburgh v. State Board of Social Welfare*, 211 K. 754, 755, 756, 508 P.2d 875.

7. Subsection (x) discussed; administrative action directing proration of fees for medical and professional services was beyond scope of board's authority. *Rhodes v. Harder*, 211 K. 820, 822, 823, 825, 826, 829, 830, 831, 508 P.2d 959. Motion to modify decision; portion of original opinion withdrawn: 212 K. 500, 501, 512 P.2d 354.

8. Mentioned; class action contesting state welfare department's "value of moderate home" rule as applied to recipients of housing relocation payments. *Young v. Harder*, 361 F. Supp. 64, 68, 73.

9. Board of social welfare manual and regulation setting nursing home services fees on cost plus basis repugnant to statutes. *Seneca Nursing Home v. Kansas State Bd. of Social Welf.*, 490 F.2d 1324, 1327, 1328, 1329, 1331, 1332, 1333.

10. Intent of subsection (x) is to encourage nursing homes to accept welfare recipients and to assure payment; where S.R.S. was obligor under contract, it had a duty to pay. *Seneca Nursing Home v. Secretary of S.R.S.*, 604 F.2d 1309, 1310, 1311, 1314, 1315.

11. Certain ing home serv Inc. v. Harder, 1140. Opinion 623 P.2d 505.

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History: ch. 186, § 4

39-708l

History: 288, § 2; L. 286, § 1; L. 226, § 2; L. 153, § 1; L. 1973, ch. 1

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STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1578

(913) 296-2436
FAX (913) 296-0231

JOAN FINNEY, GOVERNOR
Gary Stotts, Acting Director

February 26, 1991

The Honorable Wint Winter, Chairperson
Committee on Judiciary
Senate Chamber
Third Floor, Statehouse

Dear Senator Winter:

SUBJECT: Fiscal Note for SB 207 by Senators Frahm and Parrish

In accordance with KSA 75-3715a, the following fiscal note concerning SB 207 is respectfully submitted to your committee.

SB 207, as introduced, amends KSA 38-1503 to prohibit judges from discharging a child in need of care from that status if the child is 18 and still attending high school, until June 1 of the year that the child reaches age 18. The bill would also permit a child to ask for discharge from child in need of care status at age 18. The provisions of SB 207 would be effective July 1, 1991.

SB 207, as introduced, would have a negligible impact on Foster Care expenditures and administrative expenditures by the Judicial Branch.

Sincerely,

A handwritten signature in cursive script, appearing to read "Louis S. Chabira".
Louis S. Chabira
Deputy Director

cc: Karen DeViney, SRS
Jerry Sloan, Judicial Branch

2863

11-11



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

March 18, 1991

TO: House Judiciary Committee
RE: **SB 81** - Perfecting assignments of rents as security for loans

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear in support of **SB 81**. The need to clarify Kansas law relating to the perfecting of assignment of rents when used as debt collateral is one which has been recognized by both the legal profession and the banking industry. That is why the Kansas Bankers Association appears today with the Kansas Bar Association as a co-sponsor of **SB 81**.

Until the issue of what constitutes perfection in this area has been resolved it greatly diminishes the value of rented commercial property as loan collateral. In these difficult times, when commercial banks desire to expand their commercial lending, but are also well aware of the need to make sound loans which will meet regulatory guidelines, it is extremely important that conflicting judicial interpretations on issues of this nature be resolved by the Legislature as soon as possible.

We do not believe a lien on an assignment of rents should be treated any differently than a lien of a mortgage on land. The latter is perfected at the time the mortgage is recorded. When assignments of rents is not treated in the same manner it excludes such assignments from being covered by the recording laws even though they serve the same purpose as real estate mortgages.

For the sake of resolving the current judicial confusion and creating a more positive lending climate for commercial real estate in Kansas, we would strongly urge the committee to give favorable consideration to **SB 81**.


James S. Maag
Senior Vice President

HJUD
Attachment # 12
3-18-91

SHOOK, HARDY & BACON

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 KANSAS CITY, MISSOURI
 19 BUCKINGHAM GATE
 LONDON, ENGLAND

February 11, 1991

Senator Dick Bond
 Committee on Financial Institutions
 and Insurance
 KANSAS STATE SENATE
 State Capital Building
 Topeka, Kansas

Re: Senate Bill No. 81

Dear Senator Bond:

Based upon my interest in Kansas commercial law and legislative initiatives in this area, I have carefully reviewed Senate Bill No. 81 which I understand has been introduced as a bill from your committee. I strongly support the enactment of this bill. It will close a loophole that has created great uncertainty.

The problem addressed by the bill is the attack, primarily in bankruptcy courts, upon rent assignments that have been taken as collateral security for loans. In the typical commercial loan to a landlord, the secured lender takes a mortgage on the real estate, together with an assignment of leases and rentals. From an economic point of view, the assignment of rentals is the most important element of the loan because that is the asset that creates a stream of payments and thus generates liquidity for borrower and lender alike. It has always seemed to me that such a loan should be insulated from attack by a trustee in bankruptcy if the real estate mortgage, together with the assignment of rents and leases, was properly perfected under Kansas real estate law. (It is clear that there is no necessity to perfect under Article 9 of the Uniform Commercial Code, based upon the plain language of K.S.A. § 84-9-104(j)). Such a recording provides perfectly adequate constructive notice to all third parties dealing with the borrower. In spite of this situation, a number of bankruptcy trustees are arguing that the lien on an assignment of rents is not perfected until the lender has taken possession or control of the rents by a post-default legal action, such as appointment of a receiver. The courts are reaching these decisions on the basis of Kansas real estate law. Some courts properly conclude that the lender's interest is fully perfected in the rents upon recordation of the mortgage and assignment, but others come to the opposite conclusion. The result is great uncertainty under Kansas law as to the perfected status

HJD
 Attachment #13
 3-18-91

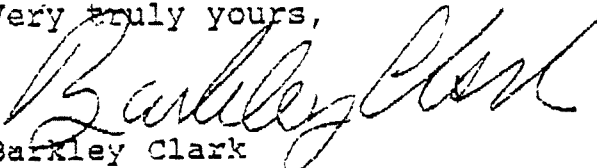
Senator Dick Bond
February 11, 1991
Page 2

of a real estate loan made to a lessor. This uncertainty undercuts the value of commercial real estate as loan collateral because the lender is never certain whether its lien will stand up in bankruptcy.

It seems to me that Senate Bill No. 81 nicely clears these muddy waters by providing that a recorded assignment instrument assures a perfected lien on the stream of payments coming from the various lessees. I thought this would have been the result anyway under K.S.A. § 58-2221, but the adverse judicial decisions make this legislative clarification necessary. I also like the fact that the bill clarifies the right of the secured lender, upon the borrower's default, to apply to the district court for a receiver or other appropriate relief to gain possession and control of the rents and enforcement of the assignment instrument. My only complaint with the bill is that its effective date, under § 2, is publication in the statute book, i.e. July 1, 1991. It seems to me that it would be preferable to accelerate the effective date, to publication in the State Register.

This is good legislation. I can't imagine why any person involved in commercial lending or borrowing would be against it. The certainty it brings to Kansas law helps borrowers and lenders alike. Please let me know if you have any further questions about Senate Bill No. 81.

Very truly yours,



Barkley Clark

BC:ved

TESTIMONY

HOUSE COMMITTEE ON COMMERCE AND FINANCIAL INSTITUTIONS

Mr. Chairman and members of the Committee, my name is Carolyn A. Adams, Vice President and General Counsel, BANK IV Topeka, N.A. I very much appreciate the opportunity to discuss the issue of liens granted by an assignment of rents as it is addressed in Senate Bill 81.

Given the nature of the very serious matters the legislature has to consider this year, SB 81 may seem insignificant. But it is very important to the parties it would protect because it affects availability of financing.

BANK IV Topeka, N.A. is a \$635MM bank which offers a full range of loans. Much of my legal work for the bank is loan documentation. Some of the loans are secured by assignments of rents from real estate, such as an office building, apartment house, a shopping center, or even a private residence.

Background. Finding financing is essential to the success of any project, whether it is a new construction loan, a "take out loan" for permanent financing, or a working capital loan for an existing building or complex of buildings. The landlord in need of financing may be an individual, a partnership or a corporation. In today's economy, the borrower could even be a family unable to sell their home.

The financing may be complex, and there are many variations to the arrangements. The collateral for such a loan may include a mortgage, but the mortgage loan may be with a different lender, or there may be no mortgage on the property. The rents may be from sub-leases on leased property. The rents might be from one major tenant or many different tenants. The assignment of rents may be outright (meaning all rents are paid to the lender) or contingent (meaning they are paid to the lender after default on the loan).

Problems. There are two general areas of problems with rents as collateral. One is the practical side of getting control of the rent payments when necessary. The other is the legal aspect of having the right to the payments.

The legal aspects are subdivided into two parts - legal rights between the lender and the borrower, and legal rights as to third parties. Most of the problems are challenges of third parties in the bankruptcy courts where issues are complex and relate to perfection, priority, preferences and cash collateral questions.

For example, the creditor of a bankrupt landlord has the right to adequate protection for cash collateral only if the collateral is perfected and not a preference. In several cases, the court has emphasized that Kansas has no law for perfecting assignments of rents.

Rents are somewhat unique in character because they are considered profits from real estate, yet have sometimes been characterized as personal property (see footnote at end).

Proposed Legislation. At first glance, SB 81 seems to address all of the problem areas. SB 81 acknowledges that an assignment instrument creates a lien, specifies the method of perfection as filing in the local real estate records, and makes clear that future leases and rents can be included. The bill makes clear that the lien is valid against third parties and is effective from the time of filing. It provides judicial remedies including appointing a receiver without initiating foreclosure and it allows non-judicial remedies. It also makes clear that Kansas has state law acknowledging the lender's rights.

Intent. The legislative intent of any new law is important. Hopefully, the legislative intent is to cure the problems addressed herein.

Concerns. In reviewing this bill with other counsel, we have the following concerns:

1. The effect of SB 81 on prior filings is ambiguous.
2. It does not address the priority or subordination of statutory lien creditors who file a subsequent lien with "relation back" provisions.
3. A lien search would be difficult under SB 81. An assignment instrument can be in any "mortgage, deed of trust, or other instrument or agreement". Thus, it will be necessary to review all such filings to determine if a prior instrument contains such language. Amending the bill to permit the filing of a simple one page affidavit could make such a search easier.

Conclusion. Due to recent bankruptcy decisions, there is a great deal of concern among lenders about relying on an assignment of rents as collateral. If the lender cannot rely on these assignments, the availability of financing to landlords will be limited. Therefore, I urge the Legislature to adopt SB 81.

Thank you very much for this opportunity to speak to you, I would be happy to try to answer any questions.

* * *

Footnote. An Assignment of Rents as collateral has been a gray area of the law in regard to perfection of such an assignment. It is extremely complex.

The Uniform Commercial Code contains two exceptions which seem to conflict. K.S.A. 84-9-104 states that the UCC does not apply to the creation of an interest in real estate, including a lease or rents thereunder. But K.S.A. 84-9-102 (3) states that the UCC applies to a security interest despite the fact that there is collateral to which the UCC does not apply.

This apparent conflict is confusing to lenders, attorneys and the courts - especially the bankruptcy courts. This is further complicated by the definition of the "general intangible" category. It is a catch-all for contract rights that do not fit in another category. Without the exception in K.S.A 84-9-104, an assignment of rents might be treated as a general intangible.

Most case law interpretations involve five general issues:

1. Granting a lien or security interest;
2. Method of perfection;
3. Effect on after-acquired rents or leases;
4. Lender's duty to take action to control or possession of rents; and
5. Impact on third parties, such as tenants, statutory lienors and other special parties.

AFFIDAVIT FOR NOTICE OF ASSIGNMENT OF RENTS

The undersigned, _____, being first duly sworn upon oath, deposes and states as follows:

1. That this Affidavit is given for the purpose of providing notification to all persons that an assignment of rents affects the real property described below:

2. That this affidavit is made pursuant to K.S.A. 58-_____.

Dated this _____ day of _____, 19__

Affiant

STATE OF KANSAS)
) ss.
_____ COUNTY)

BE IT REMEMBERED, that on this _____ day of _____, 19__, before me a Notary Public in and for said County and State, personally appeared _____ to be personally known to be the person(s) who executed the foregoing instrument and such person(s) duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto subscribed by name and affixed my official seal on the day and year last above written.

Notary Public

My appointment Expires: _____

HJD
Attachment # 15
3-18-91

INFORMATION STATEMENT
From the Kansas Bar Association

March 18, 1991

TO: Members, House Judiciary Committee

FROM: Carl Circo, Stinson-Mag

SUBJ: SB 81; Assignment of Rents

Mr. Chairman, and members of the House Labor Committee. I am sorry I cannot personally appear this date on SB 81. Ron Smith indicates he shall give this memorandum to you. Thank you for considering this legislation.

In commercial real estate loans, borrowers commonly assign the lenders the rents earned from the real estate as part of a mortgage or by a separate instrument, creating a lien on the rents as collateral for the debt. Under Kansas law, like in other states, the lender is not entitled to collect the rents until it has taken possession or control of them by legal action, such as having a receiver appointed, or by additional agreement with the borrower.

Under the Bankruptcy Code, if a lien is not "perfected" at the time the debtor files a bankruptcy petition, it may be avoided by the debtor in possession or bankruptcy trustee. Recently, some of the bankruptcy courts that have considered the issue have held the lender's lien under an assignment of rents is not perfected until the lender has taken the necessary action to acquire possession and control of the rents. If the borrower files for bankruptcy before the lender takes the necessary action, these courts hold, the lender loses its interest in the rents. However, other bankruptcy courts have come to the opposite conclusion. Two different bankruptcy courts in Kansas hold opposite conclusions, resulting in uncertainty about the correct rule of law.

HJUD

Attachment # 16

3-18-91

(OVER)

This is a troublesome situation for two other reasons. First, these decisions fail to distinguish the issue of perfecting a lien from the issue of enforcing one. As a result these decisions defeat one purpose of the real estate recording laws. Under those laws, the lien of a mortgage on land is perfected from the time the mortgage is properly recorded, even though the mortgagee must still file a foreclosure suit to enforce that lien. There is no reason why the lien of an assignment of rents should be treated differently. Failing to treat an assignment of rents as perfected upon recording judicially excludes such instruments from the coverage of the recording laws even though they affect an interest in real estate and serve the same purpose as real estate mortgages.

Second, as an economic matter, the value of rented commercial property as loan collateral is reduced because the lender cannot be assured that it can collect the rents if the loan goes into default.

To resolve such problems, some states have recently passed laws addressing the issue. Kansas should do so also. To that end, SB 81 was proposed. The Senate amendments constitute agreed clarifying amendments between the co-sponsoring Bankers and Bar Associations.

The bill is supported by the Real Estate section of the Kansas Bar Association, and the Bar's Board of Governors.