

Approved:
Date: 3-26-02

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on March 19, 2002 in Room 234 N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
JoAnn Bunten, Committee Secretary

Conferees appearing before the committee:

Kathy Olsen, Kansas Bankers Association

Others attending: See attached list.

Hearing on HB 2813 - Real estate sales validation questionnaires; use of

Kathy Olsen, Kansas Bankers Association, testified before the Committee in support of **HB 2813** which concerns property valuations that would allow banks access to the contents of real estate sales validation questionnaires for the purpose of making "evaluations" as required by federal and state regulators. Federal law now uses the word "evaluation" with regard to appraisals on loans under \$250,000, and "appraisal" for loans over \$250,000, and the bill conforms Kansas law to that terminology. Ms. Olsen noted that while the changes in the bill are technical in nature, they will prevent someone from challenging the ability of financial institutions to access this information for appraisal/evaluation purposes down the road. (Attachment 1)

There were no opponents to the bill.

Action on the HB 2813

Senator Steineger made a motion the Committee recommend **HB 2813** favorable for passage, seconded by Senator Teichman. The motion carried.

Discussion and Action on HB 2812 - UCCC, balloon payment, exemptions

The Chair briefed the Committee on a balloon of **HB 2812** that would provide language relating to rules and regulations being adopted by the administrator. (Attachment 2) The Committee also discussed deleting language in subsection (b) on line 25 of the bill that reads, "receiving prior approval from the administrator."

Senator Feleciano made a motion that language in subsection (b), line 25 that reads "receiving prior approval from the administrator," and the word "upon" in the new language of the balloon of the bill be deleted, seconded by Senator Teichman. The motion carried.

Senator Teichman made a motion that the Committee recommend **HB 2812 as amended** favorable for passage, seconded by Senator Salmans. The motion carried.

Approval of Minutes

Senator Feleciano made a motion to approve the Committee minutes of March 12, 13 and 14, 2002, seconded by Senator Teichman. The motion carried.

Adjournment

The meeting was adjourned at 10:00 a.m. The next meeting is scheduled for March 20, 2002.



March 18, 2002

To: Senate Committee on Financial Institutions and Insurance

From: Kathleen Taylor Olsen, Kansas Bankers Association

Re: **HB 2813: Real Estate Sale Validation Questionnaires**

Madam Chair and Members of the Committee:

Thank you for the opportunity to appear before you today in support of **HB 2813**, which would amend K.S.A. 79-1437f, concerning who has access to real estate sales validation questionnaires.

Real estate sales validation questionnaires must accompany each transfer of real estate or affidavit of equitable interest filed with the Register of Deeds. This form is completed by the grantor of the property and is held by the Register of Deeds for five years. The questionnaire contains such information as the identification and location of the property, the name and address of the purchaser, the sales price and date of sale, whether there are any liens on the property, the method of financing and whether any special assessments are levied.

✓ Due to the sensitive nature of some of the information contained therein, K.S.A. 79-1437f limits those who can have access to the questionnaire and provides a laundry list of those persons entitled to this information. Subsection (f) provides that licensed or certified appraisers may have access to these questionnaires in preparation of appraisal reports. While federal law requires any appraisal conducted on real estate loans exceeding \$250,000 to be done by a licensed or certified appraiser, appraisals for real estate loans less than \$250,000 do not have to be conducted by a licensed or certified appraiser. Thus, subsection (e) provides that financial institutions conducting appraisals required by federal and state regulators may have access to this information.

✓ This law was passed in 1991 and soon after, Federal law changed the terminology with regard to what appraisals on loans below \$250,000 are called. The banking regulators refer to these as "evaluations", and although they are the equivalent of "appraisals" for all practical purposes, the different terminology prompted us to request a change in the statute as represented by the proposed bill. While it is a very technical change, it will prevent someone from challenging the ability of financial institutions to access this information for appraisal/evaluation purposes down the road.

Thank you and we respectfully request that you act favorably on **HB 2813**.

HOUSE BILL No. 2812

By Committee on Financial Institutions

2-8

10 AN ACT amending the uniform consumer credit code; relating to bal-
11 loon payments; amending K.S.A. 16a-3-308 and repealing the existing
12 section.

13

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

15 Section 1. K.S.A. 16a-3-308 is hereby amended to read as follows:
16 16a-3-308. (a) With respect to a consumer credit transaction, other than
17 one pursuant to open end credit if any scheduled payment is more than
18 twice as large as the average of earlier scheduled payments, the consumer
19 has the right to refinance the amount of that payment at the time it is
20 due without penalty. The terms of the refinancing shall be no less favor-
21 able to the consumer than the terms of the original transaction. These
22 provisions do not apply to the extent that the payment schedule is ad-
23 justed to the seasonal or irregular income of the consumer or to a note
24 secured by a real estate mortgage.

25 (b) ~~Upon receiving prior approval from the administrator, the pro-~~
26 ~~visions of this section shall not apply to a consumer loan secured solely~~
27 ~~by a certificate of title in a motor vehicle.~~

28 Sec. 2. K.S.A. 16a-3-308 is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.

In accordance with rules and regulations
adopted by the administrator, upon

Senate Financial Inst. & Insurance
Date: 3-19-02
Attachment No. 2