

Mortgage Interest Rate Cap; SB 129

SB 129 removes a provision in the mortgage interest rate law that established a floating cap on the interest rate charged for first real estate mortgage loans and contracts for deeds and required computation and publication of the rate on a monthly basis. With the elimination of the specified interest rate cap, parties will be subject to provisions in continuing law which provide a rate that could not exceed 15.0 percent per annum, unless otherwise specifically authorized by law.

Under the prior law, this maximum annual interest rate was an established rate of no more than 1.5 percentage points above a specified monthly floating cap by the Federal Home Loan Mortgage Corporation (Freddie Mac). The specified monthly floating index rate in that law was the yield of 30-year fixed-rate conventional home mortgages committed for delivery within 61 to 90 days accepted under the Federal Home Loan Mortgage Corporation's daily offerings for sale on the last day on which commitments for such mortgages were received in the preceding month. The interest rate was required to be computed for each calendar month, and the Secretary of State was required to publish notice of this maximum interest rate no later than the second issue of the *Kansas Register* each month.