

SESSION OF 2015

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2258**

As Recommended by House Committee on  
Financial Institutions

**Brief\***

HB 2258 would amend the Kansas Mortgage Business Act to create an exclusion for certain liens in the definition of "mortgage loan." This definition would be modified by the bill to exclude "liens of contractors" (also known as contractor's liens), as defined in Chapter 60 of the *Kansas Statutes Annotated*.

The bill also would make technical changes, including an updated reference to the federal Truth in Lending Act.

**Background**

The bill was introduced in the House Committee on Financial Institutions by Representative Campbell on behalf of the Office of the State Bank Commissioner (OSBC).

In the House Committee, the Deputy Commissioner for Consumer and Mortgage Lending, OSBC, testified the bill would exempt contractors, such as companies selling siding, roofing, or water softening systems, from mortgage company and loan originator licensing requirements. Companies that place contractor's liens currently are regulated under the Uniform Consumer Credit Code and required to file a notification with the OSBC. The goal, the conferee stated, would be to prevent a company that may place a contractor's lien on a property, but does not otherwise engage in mortgage activity, from duplicative and unintended licensing

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

requirements. There was no other testimony presented at the House Committee hearing.

According to the fiscal note prepared by the Division of the Budget, the OSBC indicates the bill would have no fiscal effect. The agency indicates the bill has the potential to avoid duplicative regulation for companies that do not offer mortgage loans.