

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Ray Cox at 3:30 P.M. on February 14, 2005 in Room 527-S of the Capitol.

All members were present except:
Tom Burroughs- excused

Committee staff present:
Melissa Calderwood, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Bruce Kinzie, Revisor of Statutes Office
Patti Magathan, Committee Secretary

Conferees appearing before the committee:
Ron Gaches, Kansas Association of Financial Services
Kevin Glendening, State Banking Commissioner's Office
Dave Purdy, Kansas Association of Mortgage Brokers

Others attending:
See attached list.

Chairman Cox explained that we will not work HB 2277 - Credit card or debit card receipts, business name or HB 2278 - Uniform consumer credit code, alternative finance charges for certain loan. He then opened the floor to work HB 2205 - Prohibiting unauthorized use of lender's name, trade name or trademark.

Representative Dillmore made a motion to pass HB 2205 favorably. Motion was seconded by Representative Grant.

Representative Dillmore questioned the language "presumption of irreparable harm." Mr. Kinzie replied that the language has been used before. Mr. **Matthew Goddard**, sponsor of the bill, added that the party bringing the action is responsible for any costs. Frivolous actions would not be tolerated. Motion carried.

Chairman Cox opened the floor to work HB 2276 - Fees for transmission of money.

The chair recognized **Ron Gaches**, who handed out a document with proposed language change for the bill. This wording change was agreed to by First Data Corporation/Western Union and the Kansas Bank Commissioner's Office. (Attachment 1)

Representative Goico made a motion that we accept Substitute HB 2276. Second was made by Representative Olson. Motion carried.

Chairman Cox opened the hearing on HB 2145 - Consumer credit code, regulations, penalties.

Proponent **Kevin Glendening**, of the State Banking Commissioner's Office, explained that **HB 2145** contains a variety of amendments to the Uniform Consumer Credit Code (UCCC) representing both clean up language and several substantive additions to strengthen consumer protections and enforcement by the Administrator. He reviewed the proposed changes and concluded by saying the changes represent reasonable and necessary additions to the UCCC to ensure adequate protection of Kansas consumers. (Attachment 2)

There were quite a few questions on specific sections of the bill which were clarified by Mr. Glendening.

Proponent **Dave Purdy**, speaking for Kansas Association of Mortgage Brokers, voiced support of the proposed changes outlined in **HB 2145**. He stated that this bill will continue to help strengthen consumer confidence in financial institutions. Mr. Purdy reviewed several sections of the bill and ended by urging the committee to look at these changes from the consumer's standpoint and accept this bill in its current form. (Attachment 3)

Opponent **Ron Gaches**, speaking on behalf of Kansas Association of Financial Services (K.A.F.S.), expressed

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concerns regarding certain provisions of this bill including: the number of working days, the shift in the burden of proof pertaining to the use of multiple agreements, fingerprinting and associated authorities, and the increased fines and new penalties which are excessive and unnecessary. Mr. Gaches also commented that K.A.F.S. views some sections of the bill as acceptable. He pointed out that most of his clients are making small consumer loans rather than financing mortgages and urged the committee to carefully review the many sections of this bill and reject those that are unnecessary, overly broad and excessive. **(Attachment 4)**

Written testimony was provided by **Mike Reed**, General Counsel to LoanMax, an opponent. **(Attachment 5)**

Chairman Cox closed the hearing on **HB 2145** and announced that the Committee would work the bill at the next meeting on Wednesday, February 16.

Meeting was adjourned at 4:15 P.M.