

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on March 13, 2007 in Room 234-N of the Capitol.

All members were present except:

James Barnett- excused

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Ken Wilke, Office of Revisor of Statutes

Bev Beam, Committee Secretary

Conferees appearing before the committee:

Ron Gaches, Kansas Association of Mortgage Brokers; Luke Bell, Association of Realtors and
Doug Wareham, KBA

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on:

HB 2111 - concerning disclosure real estate loan amount.

Ron Gaches, appearing on behalf of the Kansas Association of Mortgage Brokers, testified in support of HB 2111. Mr. Gaches said this bill was introduced to address confusion caused by language that was passed last year amending K.S.A. 2006 Supp. 58-2344. The language resulted in uncertainty about what information could and could not be provided an appraiser conducting a traditional real estate mortgage. He said passage of HB 2111 explicitly provides on page one, lines 21-23 that "A lender may provide a copy of the sales contract for use by the appraiser in accordance with uniform standards of professional appraisal rules." He said there is one technical correction to the bill. On line 23, the word "rules" should be replaced by the word "practice." (Attachment 1)

Luke Bell, KAR Director of Governmental Relations, also testified in support of HB 2111. Mr. Bell stated that in order to comply with both federal and state law, real estate appraisers are required to have access to and examine the sales contract during the real estate appraisal process. When lenders were forced by HB 2735 to stop providing the real estate appraiser with a copy of the real estate sales contract, real estate appraisers were no longer able to conduct appraisals in compliance with the requirements under K.S.A. 58-4121 and

Standards Rule 1-5 of USPAP. HB 2111 would simply specify that the lender is allowed to provide the real estate appraiser with a copy of the real estate sales contract in compliance with USPAP. (Attachment 2)

Doug Wareham, Senior Vice President-Government Relations testified in support of HB 2111.

He reiterated the testimony by Ron Gaches and Luke Bell. (Attachment 3)

Following Q & A, the Chair closed the hearing on HB 2111.

Action on:

The Chair asked for action on HB 2111. **Senator Barone moved to amend the technical language in HB 2111 as presented. Senator Steineger seconded. Motion carried.**

Senator Steineger moved favorable passage of HB 2111 as amended. Senator Barone seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 13, 2007 in Room 234-N of the Capitol.

Action on:

The Chair asked Brad Smoot to clarify questions raised at the March 6, 2007 hearing on HB 2274. Mr. Smoot's testimony is attached. (Attachment 4)

Following additional questions and answers, **Senator Wysong moved to pass HB 2274 out favorably. Senator Schmidt seconded. Motion carried.**

Senator Barone moved to approve the minutes of March 8, 2007. Senator Wysong seconded. Motion carried.

The meeting adjourned at 10:20 a.m.