

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:42 p.m. on February 13, 2002 in Room 527-S of the Capitol.

All members were present except: Representative Boston - Excused  
Representative McCreary - Excused  
Representative Vickrey - Excused

Committee staff present: Bruce Kinzie, Revisor's Office  
Dr. Bill Wolff, Legislative Research  
Maggie Breen, Committee Secretary

Conferees appearing before the committee: Kathy Olsen, Kansas Bankers Association  
Chuck Stones, Kansas Bankers Association

Others attending: See Attached List

Chairman Cox opened the hearing on HB 2807 - Consumer protection, method of payment authorization

Proponent:

**Kathy Olsen**, Kansas Bankers Association, reminded the committee that last year the legislature passed **SB 58**, now K.S.A.5-6,105, at the request of Senator Lee, in response to concerns that our state law didn't protect consumers enough with regards to unauthorized drafts. To ensure that the new law is not in conflict with a provision in the UCC law, **HB 2807** makes a clarification in subsection (d). There is no intent to change UCC law or the duty of banks to pay checks that are properly payable, but rather to mesh UCC law with K.S.A.5-6,105 as it was intended to apply. She requested the committee act favorably on **HB 2807**. (Attachment 1)

Chairman Cox closed the hearing on **HB 2807** and opened the hearing on **HB 2812 - UCCC, balloon payment, exception**.

Proponent:

**Chuck Stones**, Kansas Bankers Association, said the UCCC states that the terms for refinancing the balloon part of a balloon payment loan can be "no less favorable to the consumer than the terms of the original transaction. **HB 2812** is a request for a very limited exception to the balloon payment rule to allow banks to compete in the auto lease/financing market. This exception is patterned after Iowa law and would allow the balloon payment to be renegotiated only when the loan is "secured solely by a certificate of title in a motor vehicle." He thanked the committee for their consideration and urged their support. (Attachment 2)

Chairman Cox closed the hearing on **HB 2812** and opened the hearing on **HB 2813 - Real estate sales validation questionnaires; use of**.

Proponent:

**Kathy Olsen**, Kansas Bankers Association, **HB 2813** would amend K.S.A. 79-1437f concerning who has access to real estate sales validation questionnaires. Federal law changed the terminology with regard to what appraisals on loans below \$250,000 are called, now referring to them as "evaluations." The change is to ensure that people making "evaluations" will continue to receive the questionnaires. (Attachment 3)

Chairman Cox closed the hearing on **HB 2813**.

Chairman Cox asked if there were any introduction of bills. There were none.

Meeting adjourned at 3:56 p.m.

Next meeting scheduled for Wednesday, February 20