

Approved: March 15, 2012
(Date)

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairperson Forrest Knox at 3:30 p.m. on Thursday, March 8, 2012, in Room 152-S of the Capitol.

All members were present except Representatives Clark Shultz and Tom Burroughs, both of whom were excused.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Matt Sterling, Office of the Revisor of Statutes
Sean Ostrow, Office of the Revisor of Statutes
Gary Deeter, Committee Secretary

Conferees appearing before the Committee:

John Smith, Administrator, Kansas Department of Credit Unions
Haley DaVee, Vice President for Governmental and Public Affairs, Kansas Credit Union Association
Sally Prichett, Director, Kansas Real Estate Appraisal Board
Luke Bell, Vice President of Government Affairs, Kansas Association of Realtors
Kathleen Taylor, Senior Vice President and General Counsel, Kansas Bankers Association

Others in attendance:

See attached list.

The Chair opened the hearing on **SB 287 – Credit union insurance**. Staff Matthew Sterling reviewed the bill, saying that the bill allows a credit union to purchase additional insurance from a private company in excess of what insurance is provided under the National Credit Union Share Insurance Fund; the purchase is contingent on approval by the insurance commissioner (Attachment 1).

John Smith, Administrator, Kansas Department of Credit Unions, in support of the bill, stated that the bill cleans up current statutes (Attachment 2). He noted the two Senate amendments included in the bill at the request of the Credit Union Association. He commented that the Dodd-Frank Wall Street Reform and Consumer Protection Act permanently established the maximum insurance amount at \$250,000.

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CONTINUATION SHEET

Minutes of the HOUSE FINANCIAL INSTITUTIONS Committee at 3:30 p.m. on Thursday, March 8, in 152-S of the Capitol.

Haley DaVee, Vice President for Governmental and Public Affairs, Kansas Credit Union Association, provided written testimony in support of the bill ([Attachment 3](#)).

The Chair closed the hearing on **SB 287** and opened the hearing on **SB 345 – Kansas Management Company Registration Act**.

Mr. Sterling briefed the Committee on the bill, stating that the bill creates the Kansas Appraisal Management Company Registration Act, which establishes a process for the Kansas Real Estate Appraisal Board to register and regulate entities involved in real estate appraisal services ([Attachment 4](#)). He explained that these entities, third-party companies engaged in appraisal management, must register with the Board if they oversee more than 15 licensed Kansas appraisers or more than 25 Kansas-plus-out-of-state appraisers. Registration fees are not to exceed \$3500, and appraisal management companies (AMCs) that are subsidiaries of a federally regulated financial institution are exempt from registration. AMCs would be required to use licensed Kansas appraisers, would be required to disclose fees, and would be prohibited from using any kind of coercion to influence an appraisal.

Sally Prichett, Director, Kansas Real Estate Appraisal Board, spoke as a proponent of the bill, saying it was modeled after current legislation in other states ([Attachment 5](#)). She explained that the bill is a response to the Dodd-Frank Act. Responding to questions, Ms. Prichett said that a background check, including fingerprinting, is a requirement of Dodd-Frank. Camille Nohe, *ad hoc* attorney for the Board, replied that an AMC that is a subsidiary of a bank must comply with the regulations because the state regulations mirror Federal Reserve rules and jurisdiction; however, the AMC does not have to register with the state, since the AMC falls under federal authority. She noted that one Dodd-Frank regulation requires a financial institution to keep an arms-length distance from an AMC.

Luke Bell, Vice President of Government Affairs, Kansas Association of Realtors, further explained the impetus of the Dodd-Frank Act ([Attachment 6](#)). He said that Dodd-Frank requires all states to adopt minimum registration requirements or join a federal registry. Currently 28 states have adopted legislation regulating AMCs, and he urged members to consider the bill favorable for passage. Responding to questions, Mr. Bell replied that a financial institution may own an AMC if the AMC has more than 15 appraisers. He acknowledged that the new layer of regulation will likely increase costs, but it also combined two appraisal documents into one.

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Written testimony in support of the bill was provided by Kathleen Taylor, Senior Vice President and General Counsel, Kansas Bankers Association (Attachment 7).

The Chair closed the hearing on **SB 345**.

The Chair invited consideration of **SB 263 – Credit Unions; making use of credit committees permissive**. *A motion was made, seconded, and passed unanimously to consider SB 263 as favorable for passage and to recommend that the bill be placed on the House Consent Calendar.* (Motion by Representative Grant; seconded by Representative Montgomery)

The Chair invited consideration of **SB 265 – Credit Unions; Bylaw amendments concerning suspensions**. *A motion was made, seconded, and passed unanimously to recommend SB 265 as favorable for passage and to recommend that the bill be placed on the House Consent Calendar.* (Motion by Representative Johnson and seconded by Representative Fawcett)

The Chair announced that the remaining bills previously heard by the Committee will be worked at the next meeting. The meeting was adjourned at 4:15 p.m. The next meeting is scheduled for Tuesday, March 13, 2012.

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