

To: House Local Government

From: Amanda L. Stanley, General Counsel

Date: February 19, 2020

RE: Testimony in Opposition to HB 2600

I want to thank Chairman Thompson and the Committee members for allowing the League of Kansas Municipalities the opportunity to provide testimony in opposition to HB 2600.

While we understand the very real problem HB 2600 is attempting to address, the abuse of power in rent-to-own contracts, we have some concerns about the practical effect of HB 2600.

Under K.S.A. 26-502, in any condemnation action, a city is required to give notice to all owners and lienholders of record and any parties in possession. HB 2600 would add another party that would need to be accounted for and properly noticed. Because of the short 10-day timeframe for filing the affidavit before a contract can become void, this will require the city run additional title searches up until the day of condemnation. Also, as a matter of practicality, these affidavits would become recorded documents on the property and would show up on all title searches as exceptions to the title. What happens if the affidavit was recorded and the deal fell through? There is no obligation in that scenario for either party in the contract for deed to remove the affidavit. Would any subsequent buyer need to contact the affidavit filer to have the affidavit filer assert or deny an interest in the property? Finally, from a practical matter, we have heard from cities that they often submit documents to the county for recording that take over 10 days. These documents are occasionally rejected without reason or rejected for containing a drafting or typographical error. As written, it is unclear if rejected documents would result in a contract for deed being voided as a matter of law even if that is contrary to the intent of the parties? Without a definition of contract for deed, it is unclear how broadly this new law would apply.

While we appreciate what we understand to be the goal of this legislation, we ask that this committee carefully consider all the collateral consequences before acting.