

As Amended by House Committee

Session of 2021

HOUSE BILL No. 2268

By Committee on Financial Institutions and Rural Development

2-8

1 AN ACT concerning financial institutions; enacting the Kansas rural home
2 loan guarantee act; providing for administration by ~~state treasurer~~
3 **Kansas housing resources corporation**; ~~establishing the rural home~~
4 ~~loan guarantee fund guaranteeing a certain portion of loans with~~
5 **moneys from the state housing trust fund; establishing a limit on**
6 **the total amount of such loan guarantees**; requiring an annual report
7 to the legislature.
8

9 *Be it enacted by the Legislature of the State of Kansas:*

10 Section 1. The provisions of sections 1 through ~~6~~ 5, and amendments
11 thereto, shall be known and may be cited as the Kansas rural home loan
12 guarantee act.

13 Sec. 2. As used in the Kansas rural home loan guarantee act:

14 (a) "Act" means the Kansas rural home loan guarantee act;

15 (b) **"corporation" means the Kansas housing resources**
16 **corporation;**

17 (c) "financial institution" means any bank, trust company, savings
18 bank, credit union, savings and loan association or any other lending
19 institution that is approved by the ~~state treasurer~~ **corporation**;

20 ~~(e)~~(d) "loan" means a transaction with a financial institution to
21 provide **the owner** financing for the construction or renovation of a single-
22 family home in a rural county; and

23 ~~(d)~~(e) "rural county" means any county in this state with a population
24 of less than 10,000, as certified to the secretary of state pursuant to K.S.A.
25 11-201, and amendments thereto, on July 1 of the preceding year.

26 Sec. 3. (a) The ~~state treasurer~~ **corporation** is hereby authorized to
27 enter into agreements with financial institutions to provide loan guarantees
28 against risk of default for rural housing loans in accordance with the
29 provisions of this act. Except as provided in section 4, and amendments
30 thereto, for payment for a loan guarantee for which the ~~rural home loan~~
31 ~~guarantee~~ **state housing trust fund** is liable, no claim against the state
32 under this act shall be paid by the state, the ~~state treasurer~~ **corporation** or
33 any other state agency other than pursuant to an appropriation act of the
34 legislature after such claim has been filed with and considered by the joint
35 committee on special claims against the state.

36 (b) Eligible financial institutions shall apply all usual lending

1 standards to determine the creditworthiness of eligible rural home loan
2 borrowers. The financial institution originating the loan shall be
3 responsible for monitoring the loan and, in case of any default, working
4 with the borrower to obtain the collateral for the loan. The financial
5 institution shall be in the first position and the state in second position to
6 recover on the loan.

7 (c) ~~The state treasurer~~ **corporation** shall administer the provisions of
8 this act and shall adopt rules and regulations for the implementation or
9 administration of this act including the development of an application
10 process. The loan guarantee agreement with the ~~state treasurer~~
11 **corporation** shall include reporting requirements and financial standards
12 that are appropriate for the type of loan for the borrower. The ~~state~~
13 ~~treasurer~~ **corporation** may enter into contracts that the ~~state treasurer~~
14 **corporation** deems necessary for the implementation or administration of
15 this act. The ~~state treasurer~~ **corporation** may impose fees and charges as
16 may be necessary to recover costs incurred for the administration of this
17 act.

18 Sec. 4. (a) **Notwithstanding the provisions of K.S.A. 12-5256 or**
19 **74-8959, and amendments thereto, to the contrary,** each agreement
20 entered into by the ~~state treasurer~~ **corporation** to guarantee against default
21 on a loan transaction shall be backed by the ~~rural home loan guarantee~~
22 **state housing trust fund** and shall receive prior approval by the ~~state~~
23 ~~treasurer~~ **corporation** or the ~~state treasurer's~~ **corporation's** designee.

24 (b) each loan transaction eligible for a guarantee under this act shall
25 be for the construction or renovation of a single-family home in a rural
26 county. Eligible costs may include land and building purchases, renovation
27 and new construction costs, equipment and installation costs,
28 predevelopment costs that may be capitalized, financing, capitalized
29 interest during construction and consultant fees that do not include staff
30 costs.

31 (c) The portion of the loan guaranteed by the ~~state treasurer~~
32 **corporation** under this act shall be for the amount of the loan that exceeds
33 90% **80%** of the appraised value of the home. No loan amount above
34 125% of the appraised value of the home shall be guaranteed by the ~~state~~
35 ~~treasurer~~ **corporation** under this act.

36 (d) **The total amount of loans guaranteed by the corporation**
37 **under this act shall not exceed \$2,000,000.**

38 (e) **All fees and charges imposed by the corporation and other**
39 **moneys received by the corporation under this act shall be remitted to**
40 **the state treasurer in accordance with K.S.A. 75-4215, and**
41 **amendments thereto. Upon receipt of each such remittance, the state**
42 **treasurer shall deposit the entire amount in the state treasury to the**
43 **credit of the state housing trust fund.**

1 ~~Sec. 5.—(a) Subject to appropriations, there is hereby established in the~~
2 ~~state treasury the rural home loan guarantee fund for the purposes of~~
3 ~~facilitating the financing for the construction and renovation of single-~~
4 ~~family homes in rural counties. The rural home loan guarantee fund shall~~
5 ~~be administered by the state treasurer. All moneys in the rural home loan~~
6 ~~guarantee fund shall be used to provide guarantees against loan risks in~~
7 ~~accordance with this act and to pay for the administrative costs associated~~
8 ~~with this act as may be certified by the state treasurer. All expenditures~~
9 ~~from the rural home loan guarantee fund shall be made in accordance with~~
10 ~~appropriation acts upon warrants of the director of accounts and reports~~
11 ~~issued pursuant to vouchers approved by the state treasurer or the state~~
12 ~~treasurer's designee.~~

13 ~~(b) All fees and charges imposed by the state treasurer and other~~
14 ~~moneys received by the state treasurer for the purposes of this act shall be~~
15 ~~deposited in the state treasury to the credit of the rural home loan~~
16 ~~guarantee fund.~~

17 ~~(c) Upon certification by the state treasurer to the director of accounts~~
18 ~~and reports that the unencumbered balance in the rural home loan~~
19 ~~guarantee fund is insufficient to pay an amount for a loan guarantee for~~
20 ~~which the fund is liable under this act, the director of accounts and reports~~
21 ~~shall transfer an amount equal to the insufficiency from the state general~~
22 ~~fund to the rural home loan guarantee fund. The state treasurer shall~~
23 ~~transmit a copy of each such certification to the director of the budget and~~
24 ~~to the director of legislative research at the same time that the treasurer~~
25 ~~submits a certification to the director of accounts and reports under this~~
26 ~~subsection.~~

27 ~~(d) On or before the 10th of each month, the director of accounts and~~
28 ~~reports shall transfer from the state general fund to the rural home loan~~
29 ~~guarantee fund interest earnings based on:~~

30 ~~(1) The average daily balance of moneys in the rural home loan~~
31 ~~guarantee fund for the preceding month; and~~

32 ~~(2) the net earnings rate of the pooled money investment portfolio for~~
33 ~~the preceding month.~~

34 ~~Sec.—6. 5.~~ Beginning with the ~~2022~~ **2023** regular session of the
35 legislature, the ~~state treasurer~~ **corporation** shall prepare an annual report
36 of the Kansas rural home loan guarantee act activity, including new loans,
37 loan repayment status and other relevant information regarding activities
38 under this act and shall submit such report at the beginning of each regular
39 session of the legislature to the house of representatives committee on
40 appropriations, or to the appropriate budget committee, and the senate
41 committee on ways and means, or to the appropriate subcommittee thereof
42 or to the successors of such committees.

43 ~~Sec.—7. 6.~~ This act shall take effect and be in force from and after its

- 1 publication in the statute book.