

Testimony in Support of HB 2663

Dave Blomquist  
Kansas Land Title Association

Thursday, March 7, 2024

Chairman Longbine and members of the Senate Financial Institutions and Insurance committee, thank you for considering my testimony in favor of HB 2663 related to Real Time Payments (RTP) or instant payments in real estate closings and the Kansas “good funds” statute. My name is Dave Blomquist, and I am Vice-President and State Counsel for Fidelity National Title Insurance Company, Chicago Title Insurance Company and Commonwealth Land Title Insurance Company. I am Co-Chair of the Kansas Land Title Association’s Legislative Committee, a life-long resident of Kansas, a Kansas attorney, and I’ve been part of the title insurance industry for 25+ years.

The Kansas Land Title Association (KLTA) requested the introduction of HB 2663 to modernize Kansas law and recognize the shift towards secure electronic payment methods. This change would harmonize Kansas’ law with the States that currently accept real time payments. It’s worth noting that Missouri and Nebraska have similar bills being considered this year. K.S.A. 40-1137 contains the framework within which a title insurance agent may operate as an escrow, settlement or closing agent. To comply with the “good funds” portion of the statute, funds must be provided prior to closing in one of five ways, (1) lawful money of the United States, (2) wire transfer, (3) cashier’s check, certified check, teller’s check or bank money order, (4) funds received from governmental entities or licenses real estate brokers or title insurance agents, or (5) other negotiable instruments that have been on deposit for at least 10 days. HB 2663 would amend current law to allow a sixth option:

*a real-time or instant payment through the FedNow service operated by the federal reserve banks or the clearing house payment company's real-time payments (RTP) system.*

It is important to note that HB 2663 would not eliminate any of the five existing funding options, nor would it change any other receipt, holding, or disbursement requirements for closing funds. What it does is recognize the development of safe, secure real-time gross settlement services. The RTP® system and FedNow® service through the Federal Reserve have been in operation since 2017 and mid-2023 respectively. These services differ from your typical electronic transactions in that they operate continuously without process time cutoffs or other delays. In essence they operate every day of the year, round-the-clock, 24-7-365. And, like wire transfers, RTPs are not reversible. In essence this is what makes them “good funds” because the parties can assure, once the RTP is processed that the funds are in place, irrevocable and thus available in the closing account.

We believe this modernization of Kansas law provides a safe, secure and fast method of providing “good funds” while not eliminating or upsetting any of the funding options already in place. Thank you again for allowing me to appear before you today on behalf of KLTA and we ask that you support the passage of HB 2663.