

**SENATE BILL No. 427**

By Committee on Ways and Means

2-14

---

1 AN ACT concerning the Kansas housing loan deposit program; relating to  
2 the building or rehabilitation of adult care homes; amending K.S.A.  
3 2011 Supp. 75-4277, 75-4278 and 75-4279 and repealing the existing  
4 sections.  
5

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

7 Section 1. K.S.A. 2011 Supp. 75-4277 is hereby amended to read as  
8 follows: 75-4277. As used in K.S.A. 2011 Supp. 75-4276 through 75-4282,  
9 and amendments thereto:

10 (a) "Housing loan deposit" means an investment account placed by  
11 the director of investments under the provisions of article 42 of chapter 75  
12 of the Kansas Statutes Annotated with an eligible lending institution for  
13 the purpose of carrying out the intent of this act;

14 (b) "housing loan deposit loan package" means the forms provided by  
15 the state treasurer for the purpose of applying for a housing loan deposit;

16 (c) "eligible lending institution" means a depository bank, as defined  
17 under K.S.A. 75-4201, and amendments thereto, that agrees to participate  
18 in the Kansas housing loan deposit program and is eligible to be a  
19 depository of state funds;

20 (d) "eligible developer borrower" means any person, firm or  
21 corporation building new houses *or adult care homes* or rehabilitating  
22 existing houses; ~~and~~ *or adult care homes*;

23 (e) "house" means a single-family or multi-family dwelling that  
24 initially sells or is appraised at or below the average area purchase price  
25 safe harbor for the state of Kansas as established by the state treasurer  
26 through rules and regulations based on the requirements of section 143(e)  
27 of the internal revenue code of 1986 for homes that are eligible for  
28 mortgage revenue bonds; *and*

29 (f) "*adult care home*" means the same as in K.S.A. 39-923, *and*  
30 *amendments thereto*.

31 Sec. 2. K.S.A. 2011 Supp. 75-4278 is hereby amended to read as  
32 follows: 75-4278. (a) The state treasurer is hereby authorized to administer  
33 the Kansas housing loan deposit program. Such program shall be for the  
34 purpose of providing incentives for the making of housing *and adult care*  
35 *homes* construction development loans. The state treasurer shall  
36 promulgate rules and regulations to carry out the provisions of K.S.A.

1 2011 Supp. 75-4276 through 75-4282, and amendments thereto.

2 (b) The state treasurer shall submit an annual report outlining the  
3 status of the program to the governor and the legislature.

4 Sec. 3. K.S.A. 2011 Supp. 75-4279 is hereby amended to read as  
5 follows: 75-4279. (a) The state treasurer is hereby authorized to  
6 disseminate information and to provide housing loan deposit loan  
7 packages to the lending institutions eligible for participation in this act.

8 (b) The housing loan deposit loan package shall be completed by the  
9 borrower before being forwarded to the lending institution for  
10 consideration.

11 (c) (1) An eligible lending institution that agrees to receive a housing  
12 loan deposit shall accept and review applications for loans from eligible  
13 developer borrowers. The lending institution shall apply all usual lending  
14 standards to determine the credit worthiness of eligible developer  
15 borrowers. The total aggregate amount of housing loan deposit loans under  
16 this program shall not exceed \$60,000,000 of unencumbered funds  
17 pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and  
18 amendments thereto.

19 (2) No more than \$2,000,000 shall be outstanding at any one time to  
20 any developer borrower.

21 (3) No loan *for a house* shall be amortized for a period of more than  
22 five years.

23 (4) *No loan for an adult care home shall be amortized of a period of*  
24 *more than 20 years.*

25 (d) An eligible developer borrower shall certify on its loan  
26 application that the reduced rate loan will be used exclusively for the  
27 expenses involved in building houses.

28 (e) The eligible lending institution may approve or reject a housing  
29 loan deposit loan package based on the lending institution's evaluation of  
30 the eligible developer borrowers included in the package, the amount of  
31 the individual loan in the package and other appropriate considerations.

32 (f) The eligible lending institution shall forward to the state treasurer,  
33 an approved housing loan deposit loan package, in the form and manner  
34 prescribed and approved by the state treasurer. The package shall include  
35 information regarding the amount of the loan requested by each eligible  
36 developer borrower and such other information regarding each eligible  
37 developer borrower the state treasurer requires, including a certification by  
38 the applicant that such applicant is an eligible developer borrower.

39 (g) From July 1, 2008, through December 31, 2010, 50% of the total  
40 aggregate amount available under subsection (c)(1), shall be made  
41 available for housing loans to eligible developer borrowers building  
42 houses in the city of Chanute, Coffeyville, Erie, Fredonia, Greensburg,  
43 Independence, Iola, Neodesha, or Osawatomic, Kansas, or within one mile

1 of the city limits of any such city.

2 Sec. 4. K.S.A. 2011 Supp. 75-4277, 75-4278 and 75-4279 are hereby  
3 repealed.

4 Sec. 5. This act shall take effect and be in force from and after its  
5 publication in the statute book.