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MEMORANDUM

To: House Committee on Financial Institutions and Rural Development
From: Office of Revisor of Statutes
Date: February 15, 2021
Subject: House Bill No. 2236

Summary

House Bill No. 2236 would authorize appraisers to exclude the sales comparison approach in mortgage financing appraisals of certain unique residential property in rural counties under certain conditions and would provide that a financial institution shall not decline to proceed with a mortgage finance transaction due to such exclusion.

Subsection (a) provides that when an appraiser is developing an appraisal of residential real property identified as unique in style or square footage, or both, located in a rural county for the purpose of a mortgage finance transaction, the appraiser may perform the appraisal without completing the sales comparison approach if the approach cannot be developed for a credible opinion or indication of value due to a lack of available comparable sales within 30 miles. In such a situation, the appraiser shall provide an explanation of the reasons for exclusion of the approach and document efforts to obtain comparable sales or market data in the appraisal report.

Subsection (a) also provides that a financial institution shall not decline to proceed with a mortgage finance transaction due to the exclusion of the sales comparison approach in accordance with this section.

Subsection (b) provides definitions for purposes of the new section:

- "Financial institution" means a bank, national banking association, savings and loan association, savings bank, trust company, credit union, finance company or other lending institution.

- "Rural county" means any county in this state with a population of less than 10,000, as certified to the secretary of state pursuant to K.S.A. 11-201, and amendments thereto, on July 1 of the preceding year.

The bill would take effect from and after its publication in the statute book.