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MEMORANDUM

To: Senate Committee on Financial Institutions and Insurance

From: Office of Revisor of Statutes

Date: February 17, 2021

Subject: Bill Brief for SB 242

Under current law, the Uniform Consumer Credit Code (UCCC) covers consumer credit transactions, which includes consumer loans, consumer credit sales and consumer leases. Under the provisions of the UCCC, and with certain exceptions, persons engaging in consumer credit transactions are required to file notification with the OSBC. Consumer loans currently include subordinate mortgages, high-loan-to-value mortgages, and high-APR mortgages. Consumer loans above 12% are called “supervised loans,” the making of which require a Supervised Lender (SL) license.

By contrast, the Kansas Mortgage Business Act (KMBA) governs any person who is doing mortgage-related business in the state. For instance, Mortgage Loan Originators (LOs) are always individuals, and while federal law requires them to be registered, states handle the registration requirement through state law. LOs are currently registered under the KMBA. LOs often work for a Mortgage Company (MC), and MCs are licensed under the KMBA.

SB 242 has removed the mortgage-related provisions from the UCCC and incorporated them into the KMBA. In doing so, 12 new sections have been created, approximately 12 statutes of the UCC were amended to pull out the mortgage-related provision and leave the remainder of the statute in place and approximately 10 statutes of the KMBA were amended to incorporate the UCCC provisions. Finally, five statutes of the UCCC were repealed completely.