



Date: February 17, 2021

To: House Committee on Financial Institutions and Rural Revitalization
Representative Jim Kelly, Chairman

From: Alex Orel, Senior Vice President - Government Relations
Kansas Bankers Association

Re: Support for HB 2268—Enacting the Rural Home Loan Guarantee Act

Dear Chairman Kelly and Members of the Committee:

I am Alex Orel appearing on behalf of the Kansas Bankers Association (KBA), organized in 1887 and whose membership includes 98% of the 220 banks and savings & loans headquartered in Kansas. Our membership also includes 19 out-of-state commercial banks operating in Kansas. The Kansas banking industry employs more than 22,000 Kansans that provide financial services in every county across the state. Our organizational mission statement is:

"Together, we support our member banks and bankers with leadership, advocacy, and education to benefit the communities and customers they serve."

Thank you for the opportunity to present testimony today to support HB 2268, which would provide for a rural home loan guarantee program for the construction or renovation of single-family homes in rural counties.

This bill represents a recognition that many rural Kansas communities have a housing shortage, which presents an obstacle when attracting new business to these areas. We view this bill as a useful tool as it would allow a bank in a county with a population of less than 10,000 to apply for a state loan guarantee of up to 90% of the home's appraised value.

The bank would be responsible for monitoring the loan and working out the loan should the borrower default. The bank would not be allowed to deviate from its standard loan policy with regard to qualifying borrowers. In exchange, the bank would have a first lien on the property.

The State Treasurer's office would administer the program. We support that provision as we have had several successful working relationships with the State Treasurer's office concerning other types of loan programs.

As stated above, our mission at the KBA is to support the banking industry to benefit the communities and customers they serve. Many Kansas bankers are seeking ways to promote their local communities and to attract new business there. We support HB 2268 as one means of accomplishing that mission.