AN ACT concerning the Kansas probate code; relating to transfer-on-death deeds; lapsing or vesting of ownership in grantee beneficiary; amending K.S.A. 59-3504 and repealing the existing section.

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

Section 1. K.S.A. 59-3504 is hereby amended to read as follows: 59-3504. (a) Title to the interest in real estate recorded in transfer-on-death form shall vest in the designated grantee beneficiary or beneficiaries on the death of the record owner.

(b) Grantee beneficiaries of a transfer-on-death deed take the record owner's interest in the real estate at death subject to all conveyances, assignments, contracts, mortgages, liens and security pledges made by the record owner or to which the record owner was subject during the record owner's lifetime including, but not limited to, any executory contract of sale, option to purchase, lease, license, easement, mortgage, deed of trust or lien, claims of the state of Kansas for medical assistance, as defined in K.S.A. 39-702, and amendments thereto, pursuant to subsection (g)(2) of K.S.A. 39-709(g)(2), and amendments thereto, and to any interest conveyed by the record owner that is less than all of the record owner's interest in the property.

(c) (1) Except as provided in subsection (c)(2), a transfer of real estate made pursuant to a transfer-on-death deed to a deceased grantee beneficiary shall lapse if:

(A) The grantee beneficiary dies prior to the death of the record owner; or

(B) the grantee beneficiary's interest in the real estate in the transfer-on-death deed was not specifically made contingent on such grantee beneficiary surviving the record owner the deceased grantee beneficiary did not leave any issue surviving the record owner; and

(C) an eligible alternative grantee beneficiary has not been designated on the deed to succeed to such deceased grantee beneficiary's interest.

(2) A transfer of real estate made pursuant to a transfer-on-death
deed to a deceased grantee beneficiary shall vest in the surviving issue, as defined in K.S.A. 59-615, and amendments thereto, of such deceased grantee beneficiary, upon the record owner's death, if:

(A) The deceased grantee beneficiary is a spouse, lineal descendent or other relative of the record owner, within six degrees of relationship by blood or adoption, as computed pursuant to K.S.A. 59-909, and amendments thereto;

(B) the deceased grantee beneficiary leaves any issue surviving the record owner; and

(c) (B) the transfer of real estate would have otherwise vested in the deceased grantee beneficiary, had the deceased grantee beneficiary survived the record owner.

(d) The provisions of the Kansas probate code, K.S.A. 59-101 et seq., and amendments thereto, shall apply to any judicial proceeding initiated by an interested party to determine succession of ownership of real estate of a deceased record owner, if the grantee beneficiary has predeceased the deceased record owner.

(e) (1) The amendments to this section by this act shall apply to all record owners who die transfer-on-death deeds recorded on or after July 1, 2015.

(2) The amendments to this section by this act shall not apply to record owners who died transfer-on-death deeds recorded before July 1, 2015.

Sec. 2. K.S.A. 59-3504 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.