

As Amended by House Committee

As Amended by Senate Committee

Session of 2004

SENATE BILL No. 424

By Committee on Judiciary

2-2

12 AN ACT concerning trusts; relating to the transfer of property into a
13 trust.

14

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

16 Section 1. (a) ~~The transfer of real or personal property to a trust shall~~
17 ~~not affect the coverage of any title, liability, comprehensive or other in-~~
18 ~~surance, and the trustee shall also be deemed to be so insured. Transfer~~
19 ~~to a trust shall not affect any homestead exemption or redemption rights~~
20 ~~and shall not cause a due on sale or similar clause to be effective under~~
21 ~~a mortgage or security interest, if the transferor is the primary income~~
22 ~~beneficiary of the trust at the time of the transfer.~~

23 ***The transfer by warranty deed of real property into an inter vivos***
24 ***trust shall not affect the coverage of any title insurance if: ~~(1) Such~~***
25 ***~~real property qualifies as a homestead; and~~***
26 ***~~(2) the settlor of such trust is and remains a beneficiary and~~***
27 ***~~occupant of such real property.~~** [of such trust during the settlor's*
28 *lifetime.]*

29 *(b) Upon the transfer taking effect: (1) The trustee shall be*
30 *deemed to be insured; and*

31 *(2) the insurance coverage for such trust shall be subject to the*
32 *defenses which the insurance company has under the policy against*
33 *the original named insured.*

34 *(c) If the ~~transferor~~ [settlor] is a beneficiary of such trust at the*
35 *time of the transfer, the transfer of such property into such trust*
36 *shall not: (1) Affect any homestead exemption or redemption rights;*
37 *or*

38 *(2) cause a due on sale or similar clause to be effective under a*
39 *mortgage or security interest.*

40 ~~(b)~~ *(d)* This section shall be a part of and supplemental to the Kansas
41 uniform trust code.

42 Sec. 2. This act shall take effect and be in force from and after its
43 publication in the statute book.