

SESSION OF 2006

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2788**

As Amended by House Committee of the Whole

**Brief\***

HB 2788 would allow the Real Estate Commission to impose stricter penalties for licensees who violate real estate law. The bill would increase the maximum statutory fine for violations that the Commission could impose on real estate licensees to \$10,000. Current law allows the Commission to impose a maximum fine of \$500. The bill would allow a fine of up to \$1,000 for each violation, depending on the type of violation. The Commission would be required to make specific findings that an egregious circumstance exists before imposing the higher fee on a violation. An egregious circumstance would exist if a licensee misappropriated funds, committed fraud or forgery, failed to disclose all adverse material facts, represented to others an amount in excess of the true and actual sale price of the real estate or terms differing from those agreed on, or failed to promote the interests of a client.

The bill also would prohibit a supervising or branch broker from finalizing any pending real estate closing if the broker's license is revoked, suspended, or expired. The bill also would place requirements on how pending real estate transactions would be handled in the event a license or a supervising broker or branch broker is revoked, suspended, or expired.

In addition, the bill would require in a contract for sale of residential real estate the following language: "Kansas law requires persons who are convicted of certain sexually violent crimes after April 14, 1994, to register with the sheriff of the county in which they reside. If you as the buyer desire information regarding those registrants, you may find information on the homepage of the Kansas Bureau of Investigation (KBI) at <http://www.accesskansas.org/kbi> or by contacting the local sheriff's office."

The bill would also provide that after July 1, 2006 each contract for the sale of residential real estate would be required to contain the

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

following language: "Kansas law requires persons who are convicted of certain sexually violent crimes after April 14, 1994, to register with the sheriff of the county in which they reside. If you, as the buyer, desire information regarding those registrants, you may find information on the homepage of the Kansas Bureau of Investigation (KBI) at <http://www.Kansas.gov/kbi> or by contacting the local sheriff's office."

## **Background**

Appearing in support of the bill was Sherry C. Diel, Executive Director of the Kansas Real Estate Commission.

The House Committee amended the bill by inserting the provision regarding information about sexually violent criminal registrants. This was taken from HB 2865.

The House Committee of the Whole inserted the provision regarding residential real estate contracts and the mandatory notice regarding sex offenders.

The fiscal note on the original bill states the Commission indicates the additional fines would be imposed only in the most egregious cases and estimates that only one or two cases per year would qualify. The bill would increase revenues by an estimated \$10,000 to \$25,000 per year in fines that would be deposited in the State General Fund. Since fines are deposited in the State General Fund, the bill would not have a fiscal effect on the Real Estate Commission Fee Fund.