

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
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LB 277, 621A

ASSISTANT CLERK: 34 ayes, 0 nays on the motion to advance the bill.

SPEAKER KRISTENSEN: The bill advances. Before we move to the next bill, Senator Brashear is proud to announce he has the following guests visiting the Legislature this morning, they are 28 nine through twelfth graders from Omaha Sister City German American Society, in Omaha. They are in the north balcony. Would you please stand and be recognized by your Legislature. Thank you for being with us. LB 277.

ASSISTANT CLERK: LB 277 (read title). The bill was read for the first time on January 11, referred to the Judiciary Committee. The committee reports the bill to General File with committee amendments attached.

SPEAKER KRISTENSEN: Senator Brashear, it's my understanding you're authorized to handle the opening of this bill for Senator Pederson.

SENATOR BRASHEAR: Mr. Speaker, I am. Mr. Speaker, members of the body, Legislative Bill 277 deals with a relatively technical aspect of real estate financing. Generally, real estate financing involves either a mortgage or a deed of trust. Mortgages have been around for a long time, deeds of trust are relatively new. They have become common commercial vehicles for financing real estate, however. In a mortgage, you have the mortgagor, who pledges the real estate to the lender, called the mortgagee. In a deed of trust, the trustor, who is the debtor, conveys the property to a trustee to be held for the benefit of the lender, the beneficiary. In both of these transactions when the debt is paid, the property is transferred back. In both of these financing documents there is often a phrase used for future advances. This means that at some point in the future the lender could add to the indebtedness by making an additional advance under the original agreement. When the lender makes future advances, it is with the intention of retaining the lenders position of priority over later filed instruments. There has developed some confusion in Nebraska about a future advance as it relates to a deed of trust. Unfortunately, under current Nebraska law, most of the direction in this regard deals with future advances under mortgages. LB 277 is intended to