



Ninety-Eighth Legislature - First Session - 2003
Introducer's Statement of Intent
LB 362

Chairperson: Mark Quandahl
Committee: Banking, Commerce and Insurance
Date of Hearing: February 4, 2003

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The intent of LB 362 is to harmonize provisions relating to trust accounts held by real estate closing agents and real estate brokers.

Section 76-2,122 (2)(b) of the Nebraska Revised Statutes requires that a trust account controlled by a real estate closing agent be held in a "federally insured financial institution" -- defined by section 76-2,121 as "an institution in which monetary deposits are insured by the Federal Deposit Insurance Corporation [FDIC] or National Credit Union Administration [NCUA]."

At the same time, under Section 81-885.21, a real estate broker is required to maintain "a separate, insured non-interest bearing checking account," serving as a trust account, in "a bank, savings bank, building and loan association, or savings and loan association." Because the current statutory language does not specifically designate it as an authorized depository, a credit union -- although meeting the definition of a federally insured financial institution -- is effectively prohibited from holding real estate broker accounts.

LB 362 attempts merely to standardize the requirements found in Section 81-885.21 by replacing the institution-specific language with the generic term "federally insured financial institution," thereby allowing all appropriate financial institutions to act as authorized depositories for broker trust accounts, as is already the case for closing agent accounts.

Principal Introducer: _____
Senator Carol L. Hudkins