



Hundredth Legislature - Second Session - 2008
Introducer's Statement of Intent
LB 717

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: January 22, 2008

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

LB 717 would make a number of amendments to the state Banking Code, including (a) elimination of existing certified mailing notice requirements by the Department of Banking in cases involving applications for a bank charter, a branch office, a trust branch office and applications for cross-industry mergers or acquisitions, with the certified mailing notice requirement to be replaced with a requirement to provide notice by first-class mail, postage pre-paid; and (b) clarification that a state-chartered bank may, by board resolution or bank bylaws, exclude a licensed executive officer from the definition of executive officer for purposes of “insider lending” restrictions if such officer is not authorized to participate in major policymaking functions of the bank and does not actually participate in such functions.

LB 717 also makes amendments to *Neb.Rev.Stat.* § 25-202 pertaining to the statute of limitations for foreclosure of mortgages and the period of time in which a cause of action for the foreclosure of a mortgage accrues with respect to the rights of subsequent purchasers and encumbrancers for value. **LB 717** extends the coverage of this statute to include deeds of trust foreclosed as a mortgage and also increases from 20 years to 30 years the period of time in which a cause of action for the foreclosure of a mortgage or deed of trust accrues with respect to the rights of subsequent purchasers and encumbrancers for value.

The legislation also would conform the statutory authority for bank employees and agents to serve as notary publics to that allowed for employees and agents of other financial institutions and insurance companies, by recognizing the ability of employees or agents of a bank to take acknowledgments of third parties to any written instrument given to the bank and to administer oaths for any other stockholder, director, officer, employee, or agent of the bank.

Finally, **LB 717** would repeal the provisions of *Neb.Rev.Stat.* § 30-3206, provisions of law regarding the placement by a fiduciary of funds awaiting investment or distribution in deposits of the commercial department of such bank or trust company or in deposits of an affiliate bank. Current law allows for the placement of such deposits if the rate of interest paid on such deposits will be at least equal to the rate paid by such bank, trust company, or affiliate bank on deposits of similar terms and amounts, but is limited to funds in an amount greater than \$1,000 which are invested within 30 days of receipt or accumulation. The need for these

provisions of law have been eliminated with the adoption of the Uniform Trust Code which authorizes the deposit of trust money in a regulated financial-service institution operated by the trustee, as long as the transaction is “fair to the beneficiaries.”

Principal Introducer:

_____ **Senator Rich Pahls**