

May 28, 1981

LB 512

is going to put an additional burden on the homeowner if the contractor, subcontractor or supplier does decide to protect their lien rights. LB 512 does not...repeat, I repeat, does not restore a commercial contractor's rights he or she had before passage of LB 512. The attorney's opinion handed out coming out from the local firm of Nelson and Harding points out that there are at least three significant adverse effects on the commercial contractor. Senator Beutler made the statement to me on the floor under questioning that the purpose of this amendment was to exempt commercial construction from the burdensome requirements of LB 512, and, in fact, restore him to his full rights. This just is not accurate, and your commercial contractors have been sold out in my estimation. And you will hear from them in the future. If there is a good chance that LB 512 will under some circumstances allow a lien field after a mortgage filed before the lien, I do not have any particular problem with this, but I know that this is not generally known by the financial community, and if it is, it will not be well liked. Once again, this is an example in my opinion of a complicated piece of legislation not being thoroughly reviewed by this body and another reason why the bill should not be enacted. Finally, LB 512 just does not make sense from the standpoint of the cost of housing in Nebraska. With LB 512 we are giving the consumer almost complete protection from a lien ever being filed. To the extent a builder or supplier does not have a reasonable ability to file a lien, that supplier is taking on a greater risk. This risk can only be translated into additional cost to the consumer, costs of the goods and services and eventually the cost of the home. This increased cost will be born by every consumer. Then finally let me address just a few words to the comments that Senator Beutler has put out on the floor, the one page sheet that you received yesterday. One need to go no further than the first paragraph to find a contradiction with reality. The paragraph states that the commercial contractors will follow approximately the same system they currently follow. If they do, they will have a hard time protecting themselves. Read the Nelson-Harding letter. A commercial... and I quote, "A commercial contractor can be bumped in priority without notice from the owner. Now, two, the lien rights from the commercial contractor entitled Equity Priority under present law may have different priorities under 512. Three, not all commercial contractors have the same rights under the Beutler-Pirsch-Kilgarin amendment." The second paragraph states that a sub or a supplier will take one or two paths in a residential construction depending on whether the construction is a