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FLOOR DEBATE

January 15, 2004 LB 155

lease purporting to extend for a period of in excess of one year, which does not comply with the requirements of Neb. Rev. Stat. Section 76-211, is void as to any creditors and subsequent purchasers in good faith whose instruments are recorded prior to that lease. Now, just as a little bit of background, Nebraska Revised Statute 76-211 does require deeds of real estate or any interest in real estate, except for leases of one year or less, to be signed by the grantor or grantors and to be acknowledged and approved and recorded with the Register of Deeds as required by Nebraska law. LB 155--there will be committee amendments to this--with the proposed committee amendments, would address the potential for abuse relating to secret conveyances, conveyances that would be unknown to a creditor, to a bank, to another secured party, in the form of leases between individuals related within the second degree of consanguinity or affinity, which are filed subsequent to the filing of a mortgage or deed of trust by a financial institution. Senator Wehrbein, before I got up here, took a look at the bill and said, Senator Quandahl, you're going to have to explain this in laymen's terms. And so basically, that's the thrust of LB 155. It pertains to these secret conveyances or secret leases that would be between related parties, with an eye towards somehow subverting the rights of a creditor.

SENATOR CUDABACK: Thank you, Senator Quandahl. As stated by the Clerk, there are committee amendments from the Banking Committee. Senator Quandahl, as Chairman of the committee, you're recognized to open on those committee amendments.

SENATOR QUANDAHL: Thank you, Mr. President. Yes, AM0322 from the Banking Committee was as a result...at the public hearing on LB 155, there were representatives of the Realtors Association that appeared in opposition to that...to the bill. If you look on your committee statement, you'll see that the Realtors Association did appear in opposition to the bill. Their concerns at that time related to the application of LB 155 as it was originally introduced, as they felt that it would apply to all commercial leases between related or unrelated parties. So in response to those concerns, we put together AM0322, which narrows the focus of the bill considerably by limiting its application only to farm leases and single-family residence