



**Hundredth Legislature - First Session - 2007  
Committee Statement  
LB 386**

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**Hearing Date:** February 12, 2007  
**Committee On:** Banking, Commerce and Insurance

**Introducer(s):** (Langemeier)  
**Title:** Adopt the Nebraska Security Instrument Satisfaction Act

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**Roll Call Vote – Final Committee Action:**

- X Advanced to General File
  - Advanced to General File with Amendments
  - Indefinitely Postponed
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**Vote Results:**

8	Yes	Senators Pahls, Langemeier, Carlson, Christensen, Gay, Hansen, Pankonin, Pirsch
	No	
	Present, not voting	
	Absent	

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**Proponents:**

Senator Chris Langemeier  
Rebecca A. McKittrick  
Kent Barney  
Bill Mueller

**Representing:**

Introducer  
NE Land Title Association  
NE Land Title Association  
NE State Bar Association

**Opponents:**

Robert J. Hallstrom

**Representing:**

NE Bankers Association

**Neutral:**

**Representing:**

**Summary of purpose and/or changes:**

LB 386 (Langemeier) would enact the Nebraska Security Instrument Satisfaction Act to provide that if a secured creditor, after receiving full payment or performance of a secured obligation, fails to record a satisfaction of a security interest within 60 days, (1) the secured creditor is liable to the landowner or purchaser for actual damages and attorney fees and costs, and (2) a closing agent (title agent or attorney) may, on behalf of a landowner or purchaser, record a certificate of satisfaction which shall operate as a satisfaction of the security interest in the real property records.

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The bill would provide, section by section, as follows:

Section 1 would enact a new section to provide for a named act: the Nebraska Security Instrument Satisfaction Act.

Section 2 would enact a new section to provide for definitions: “closing agent”, “good faith”, “landowner”, “payoff amount”, “payoff statement”, “person”, “purchase”, “purchaser”, “record”, “residential real property”, “secured creditor”, “secured obligation”, “security instrument”, and “security interest”.

Section 3 would enact a new section to provide (1) that a secured creditor shall, after it receives full payment or performance of the secured obligation, record a satisfaction of a security interest in the real property records and (2) that a secured creditor that fails to record a satisfaction of a security interest within 60 days after receiving full performance of the secured obligation is liable to the landowner or purchaser for actual damages and attorney fees and costs.

Section 4 would enact a new section to provide that a closing agent (title agent or attorney) may, on behalf of a landowner or purchaser, execute and record a certificate of satisfaction in the real property records if a satisfaction of the security interest has not been recorded within 60 days after the date payment in full was made.

Section 5 would enact a new section to provide for the contents of a certificate of satisfaction.

Section 6 would enact a new section to provide that a closing agent (title agent or attorney) on behalf of the landowner or purchaser may record a certificate of satisfaction if (1) the secured creditor has not recorded a satisfaction of a security interest within 60 days after receiving full performance or (2) the secured party authorizes the closing agent to do so.

Section 7 would enact a new section to provide (1) that a certificate of satisfaction shall be accepted for recording and operate as a satisfaction of the security interest, (2) a closing agent (title agent or attorney) wrongfully or erroneously recording a certificate of satisfaction shall be liable to the secured creditor for actual damages and attorney fees and costs, but a closing agent that records a certificate of satisfaction erroneously is not liable if the closing agent complied in good faith with the act, and (3) the recording of a certificate of satisfaction does not extinguish any liability for payment of the underlying secured obligation.

**Explanation of amendments, if any:**

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**Senator Rich Pahls, Chairperson**