

**ONE HUNDRED SECOND LEGISLATURE - SECOND SESSION - 2012**  
**COMMITTEE STATEMENT**  
**LB613**

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**Hearing Date:** Tuesday February 22, 2011  
**Committee On:** Banking, Commerce and Insurance  
**Introducer:** Pirsch  
**One Liner:** Change certain lien provisions relating to homeowner's associations and condominiums

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

<b>Aye:</b>	5	Senators McCoy, Christensen, Pirsch, Schilz, Schumacher
<b>Nay:</b>	1	Senator Gloor
<b>Absent:</b>		
<b>Present Not Voting:</b>	2	Senators Pahls, Langemeier

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**Proponents:**

Senator Pete Pirsch  
Jerry Stilmock

**Representing:**

Introducer  
NE Bankers Association

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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

LB613 (Pirsch) would amend section 52-2001 regarding homeowners' association liens for assessments and fines and section 76-874 of the Nebraska Condominium Act regarding unit owners association liens for assessments and fines.

The bill would repeal provisions which provide for an association to have a lien on a member's real estate or on an owner's unit for fines imposed against the member or owner.

The bill would provide that a lien is prior to all other liens and encumbrances on real estate or on a unit except, among other things, a mortgage, rather than a "first" mortgage, or a deed of trust recorded before the "required notice has been recorded for a delinquent assessment for which enforcement is sought," rather than "the date on which the assessment sought to be enforced became delinquent."

The bill would amend section 52-2001 to provide that the definition of "homeowner's association" does not include a "co-owners association organized under the Condominium Property Act" (the 1963 condominium act) as well as does not include a unit owners association organized under the Nebraska Condominium Act (the 1983 condominium act).

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**Explanation of amendments:**

The committee amendments would amend section 52-2001 regarding homeowners' associations and would add a new section to the Nebraska Condominium Act to provide that an association may require an owner who purchases real estate or a unit on or after the effective date of the bill to make payments into an escrow account established by the association until the escrow account balance for that real estate or unit equals six months of assessments.

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The committee amendments would provide that escrow payments shall be held in a non-interest-bearing checking account under terms that place the payments beyond the claim of creditors of the association.

The committee amendments would provide that the association may use escrow payments to offset unpaid assessment.

The committee amendments would provide that the association shall return escrow payments to an owner when the owner sells the real estate or unit and the owner has fully paid all assessments.

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Rich Pahls, Chairperson