

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 26

Introduced by Langemeier, 23.

Read first time January 06, 2011

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to real estate; to amend section 76-2,120,
2 Reissue Revised Statutes of Nebraska; to adopt the
3 Private Transfer Fee Obligation Act; to change a
4 disclosure requirement; to repeal the original section;
5 and to declare an emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 12 of this act shall be known
2 and may be cited as the Private Transfer Fee Obligation Act.

3 Sec. 2. The Legislature finds and declares that the
4 public policy of this state favors the marketability of real property
5 and the transferability of interests in real property free of title
6 defects or unreasonable restraints on alienation. The Legislature
7 further finds and declares that private transfer fee obligations
8 violate this public policy by impairing the marketability and
9 transferability of real property and by constituting an unreasonable
10 restraint on alienation regardless of the duration of the obligation
11 to pay a private transfer fee, the amount of a private transfer fee,
12 or the method by which any private transfer fee is created or
13 imposed. The Legislature finds and declares that a private transfer
14 fee obligation should not run with the title to property or otherwise
15 bind subsequent owners of property under any common-law or equitable
16 principle.

17 Sec. 3. For purposes of the Private Transfer Fee
18 Obligation Act, the definitions in sections 4 to 8 of this act shall
19 be used.

20 Sec. 4. Environmental covenant means a servitude that
21 imposes activity and use limitations on real property and meets the
22 requirements of section 76-2604.

23 Sec. 5. Payee means the person who claims the right to
24 receive or collect a private transfer fee payable under a private
25 transfer fee obligation, whether or not the person has a pecuniary

1 interest in the private transfer fee obligation.

2 Sec. 6. Private transfer fee means a fee or charge
3 payable upon the transfer of an interest in real property, or payable
4 for the right to make or accept such transfer, regardless of whether
5 the fee or charge is a fixed amount or is determined as a percentage
6 of the value of the property, the purchase price, or other
7 consideration given for the transfer. Private transfer fee does not
8 include:

9 (1) Any consideration payable by the grantee to the
10 grantor for the interest in real property being transferred,
11 including any subsequent additional consideration for the property
12 payable by the grantee based upon any subsequent appreciation,
13 development, or sale of the property, if the additional consideration
14 is payable on a one-time basis only and the obligation to make such
15 payment does not bind successors in title to the property. For
16 purposes of this subdivision, an interest in real property may
17 include a separate mineral estate and its appurtenant surface access
18 rights;

19 (2) Any commission payable to a licensed real estate
20 broker or salesperson for the transfer of real property pursuant to
21 an agreement between the broker or salesperson and the grantor or the
22 grantee, including any subsequent additional commission for that
23 transfer payable by the grantor or the grantee based upon any
24 subsequent appreciation, development, or sale of the property;

25 (3) Any interest, charges, fees, or other amounts payable

1 by a borrower to a lender pursuant to a loan secured by a mortgage or
2 trust deed against real property, including any fee payable to the
3 lender for consenting to an assumption of the loan or a transfer of
4 the real property subject to the mortgage or trust deed, any fees or
5 charges payable to the lender for estoppel letters or certificates,
6 and any shared appreciation interest or profit participation or other
7 consideration payable to the lender in connection with the loan;

8 (4) Any rent, reimbursement, charge, fee, or other amount
9 payable by a lessee to a lessor under a lease, including any fee
10 payable to the lessor for consenting to an assignment, subletting,
11 encumbrance, or transfer of the lease;

12 (5) Any consideration payable to the holder of an option
13 to purchase an interest in real property or the holder of a right of
14 first refusal or first offer to purchase an interest in real property
15 for waiving, releasing, or not exercising the option or right upon
16 the transfer of the real property to another person;

17 (6) Any tax, fee, charge, assessment, fine, or other
18 amount payable to or imposed by a governmental authority;

19 (7) Any fee, charge, assessment, dues, fine,
20 contribution, or other amount payable to a homeowners, condominium,
21 cooperative, mobile home, or property owners association pursuant to
22 a declaration or covenant or bylaw applicable to such association,
23 including fees or charges payable for estoppel letters or
24 certificates issued by the association or its authorized agent;

25 (8) Any fee, charge, assessment, dues, contribution, or

1 other amount pertaining solely to the purchase or transfer of a club
2 membership relating to real property owned by the member, including
3 any amount determined by reference to the value, purchase price, or
4 other consideration given for the transfer of the real property; or

5 (9) Any payment required pursuant to an environmental
6 covenant.

7 Sec. 7. Private transfer fee obligation means an
8 obligation arising under a declaration or covenant recorded against
9 the title to real property, or under any other contractual agreement
10 or promise, whether or not recorded, that requires or purports to
11 require the payment of a private transfer fee upon a subsequent
12 transfer of an interest in the real property.

13 Sec. 8. Transfer means sale, gift, conveyance,
14 assignment, inheritance, or other transfer of an ownership interest
15 in real property located in this state.

16 Sec. 9. A private transfer fee obligation recorded or
17 entered into in this state on or after the effective date of this act
18 does not run with the title to real property and is not binding on or
19 enforceable at law or in equity against any subsequent owner,
20 purchaser, mortgagee, or trustee of any interest in real property as
21 an equitable servitude or otherwise. Any private transfer fee
22 obligation that is recorded or entered into in this state on or after
23 the effective date of this act is void and unenforceable. This
24 section shall not be construed to mean that a private transfer fee
25 obligation recorded or entered into in this state before the

1 effective date of this act is presumed valid and enforceable.

2 Sec. 10. Any person who records or enters into an
3 agreement imposing a private transfer fee obligation in his or her
4 favor after the effective date of this act shall be liable for (1)
5 any and all damages resulting from the imposition of the private
6 transfer fee obligation on the transfer of an interest in the real
7 property, including the amount of any transfer fee paid by a party to
8 the transfer, and (2) all attorney's fees, expenses, and costs
9 incurred by a party to the transfer or mortgagee of the real property
10 to recover any private transfer fee paid or in connection with an
11 action to quiet title. If an agent acts on behalf of a principal to
12 record or secure a private transfer fee obligation, liability shall
13 be assessed to the principal rather than the agent.

14 Sec. 11. (1) Any contract for the sale of real property
15 subject to a private transfer fee obligation shall include a
16 provision disclosing the existence of that obligation, a description
17 of the obligation, and a statement that private transfer fee
18 obligations are subject to certain prohibitions under the Private
19 Transfer Fee Obligation Act. A contract for sale of real property
20 which does not conform to the requirements of this section shall not
21 be enforceable by the seller against the buyer, nor shall the buyer
22 be liable to the seller for damages under such a contract, and the
23 buyer under such a contract shall be entitled to the return of all
24 deposits made in connection with the sale of the real property.

25 (2) If a private transfer fee obligation is not disclosed

1 under subsection (1) of this section and a buyer subsequently
2 discovers the existence of such private transfer fee obligation after
3 title to the property has passed to the buyer, the buyer shall have
4 the right to recover (a) any and all damages resulting from the
5 failure to disclose the private transfer fee obligation, including
6 the amount of any private transfer fee paid by the buyer, or the
7 difference between (i) the market value of the real property if it
8 were not subject to a private transfer fee obligation and (ii) the
9 market value of the real property as subject to a private transfer
10 fee obligation, and (b) all attorney's fees, expenses, and costs
11 incurred by the buyer in seeking the buyer's remedies under this
12 subsection.

13 (3) Any provision in a contract for sale of real property
14 that purports to waive the rights of a buyer under this section shall
15 be void.

16 Sec. 12. (1) For a private transfer fee obligation in
17 existence prior to the effective date of this act, the receiver of
18 the fee shall, within thirty days after the effective date of this
19 act, or before any transfer of real property subject to the private
20 transfer fee, whichever period is shorter, record against the real
21 property subject to the private transfer fee obligation a separate
22 document in the register of deeds office of the county in which the
23 real property is located that meets all of the following
24 requirements:

25 (a) The title of the document shall be "Notice of Private

1 Transfer Fee Obligation" in at least fourteen-point, boldface type;

2 (b) The amount, if the private transfer fee is a flat
3 amount, or the percentage of the sales price constituting the cost of
4 the private transfer fee, or such other basis by which the private
5 transfer fee is to be calculated;

6 (c) The date or circumstances under which the private
7 transfer fee obligation expires, if any;

8 (d) The purpose for which the funds from the private
9 transfer fee obligation will be used;

10 (e) The name of the person to whom funds are to be paid
11 and specific contact information regarding where the funds are to be
12 sent;

13 (f) The acknowledged signature of the payee; and

14 (g) The legal description of the real property
15 purportedly burdened by the private transfer fee obligation.

16 (2) The person to whom the private transfer fee is to be
17 paid may file an amendment to the notice of private transfer fee
18 obligation containing new contact information, but such amendment
19 must contain the recording information of the notice of private
20 transfer fee obligation which it amends and the legal description of
21 the property burdened by the private transfer fee obligation.

22 (3) If the payee fails to comply fully with subsection
23 (1) of this section, the grantor of any real property burdened by the
24 private transfer fee obligation may proceed with the transfer of any
25 interest in the real property to any grantee and in so doing shall be

1 deemed to have acted in good faith and shall not be subject to any
2 obligations under the private transfer fee obligation. In such event,
3 any transfer of the real property thereafter shall be free and clear
4 of the private transfer fee and private transfer fee obligation.

5 (4) If the payee fails to provide a written statement of
6 the private transfer fee payable within thirty days after the date of
7 a written request for the same sent to the address shown in the
8 notice of private transfer fee obligation, then the grantor, on
9 recording of the affidavit required under subsection (5) of this
10 section, may transfer any interest in the real property to any
11 grantee without payment of the private transfer fee and shall not be
12 subject to any further obligations under the private transfer fee
13 obligation. In such event, any transfer of the real property shall be
14 free and clear of the private transfer fee and private transfer fee
15 obligation.

16 (5) An affidavit stating the facts enumerated under
17 subsection (6) of this section shall be recorded in the office of the
18 register of deeds in the county in which the real property is
19 situated prior to or simultaneously with a transfer pursuant to
20 subsection (4) of this section of real property unburdened by a
21 private transfer fee obligation. An affidavit filed under this
22 subsection shall state that the affiant has actual knowledge of, and
23 is competent to testify to, the facts in the affidavit and shall
24 include the legal description of the real property burdened by the
25 private transfer fee obligation, the name of the owner of such real

1 property at the time of the signing of such affidavit, a reference by
2 recording information to the instrument of record containing the
3 private transfer fee obligation, and an acknowledgment that the
4 affiant is testifying under penalty of perjury.

5 (6) When recorded, an affidavit as described in
6 subsection (5) of this section shall constitute prima facie evidence
7 that:

8 (a) A request for the written statement of the private
9 transfer fee payable in order to obtain a release of the fee imposed
10 by the private transfer fee obligation was sent to the address shown
11 in the notification; and

12 (b) The entity listed on the notice of private transfer
13 fee obligation failed to provide the written statement of the private
14 transfer fee payable within thirty days after the date of the notice
15 sent to the address shown in the notification.

16 Sec. 13. Section 76-2,120, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 76-2,120 (1) For purposes of this section:

19 (a) Ground lease coupled with improvements shall mean a
20 lease for a parcel of land on which one to four residential dwelling
21 units have been constructed;

22 (b) Purchaser shall mean a person who acquires, attempts
23 to acquire, or succeeds to an interest in land;

24 (c) Residential real property shall mean real property
25 which is being used primarily for residential purposes on which no

1 fewer than one or more than four dwelling units are located; and

2 (d) Seller shall mean an owner of real property who sells
3 or attempts to sell, including lease with option to purchase,
4 residential real property, whether an individual, partnership,
5 limited liability company, corporation, or trust. A sale of a
6 residential dwelling which is subject to a ground lease coupled with
7 improvements shall be a sale of residential real property for
8 purposes of this subdivision.

9 (2) Each seller of residential real property located in
10 Nebraska shall provide the purchaser with a written disclosure
11 statement of the real property's condition. The disclosure statement
12 shall be executed by the seller. The requirements of this section
13 shall also apply to a sale of improvements which contain residential
14 real property when the improvements are sold coupled with a ground
15 lease and to any lease with the option to purchase residential real
16 property.

17 (3) The disclosure statement shall include language at
18 the beginning which states:

19 (a) That the statement is being completed and delivered
20 in accordance with Nebraska law;

21 (b) That Nebraska law requires the seller to complete the
22 statement;

23 (c) The real property's address and legal description;

24 (d) That the statement is a disclosure of the real
25 property's condition as known by the seller on the date of

1 disclosure;

2 (e) That the statement is not a warranty of any kind by
3 the seller or any agent representing a principal in the transaction;

4 (f) That the statement should not be accepted as a
5 substitute for any inspection or warranty that the purchaser may wish
6 to obtain;

7 (g) That even though the information provided in the
8 statement is not a warranty, the purchaser may rely on the
9 information in deciding whether and on what terms to purchase the
10 real property;

11 (h) That any agent representing a principal in the
12 transaction may provide a copy of the statement to any other person
13 in connection with any actual or possible sale of the real property;
14 and

15 (i) That the information provided in the statement is the
16 representation of the seller and not the representation of any agent
17 and that the information is not intended to be part of any contract
18 between the seller and purchaser.

19 (4) In addition to the requirements of subsection (3) of
20 this section, the disclosure statement shall disclose the condition
21 of the real property and any improvements on the real property,
22 including:

23 (a) The condition of all appliances that are included in
24 the sale and whether the appliances are in working condition;

25 (b) The condition of the electrical system;

- 1 (c) The condition of the heating and cooling systems;
- 2 (d) The condition of the water system;
- 3 (e) The condition of the sewer system;
- 4 (f) The condition of all improvements on the real
5 property and any defects that materially affect the value of the real
6 property or improvements;
- 7 (g) Any hazardous conditions, including substances,
8 materials, and products on the real property which may be an
9 environmental hazard;
- 10 (h) Any title conditions which affect the real property,
11 including encroachments, easements, and zoning restrictions; ~~and~~
- 12 (i) The utility connections and whether they are public,
13 private, or community; and -
- 14 (j) The existence of any private transfer fee obligation
15 as defined in section 7 of this act.
- 16 (5) The disclosure statement shall be completed to the
17 best of the seller's belief and knowledge as of the date the
18 disclosure statement is completed and signed by the seller. If any
19 information required by the disclosure statement is unknown to the
20 seller, the seller may indicate that fact on the disclosure statement
21 and the seller shall be in compliance with this section. On or before
22 the effective date of any contract which binds the purchaser to
23 purchase the real property, the seller shall update the information
24 on the disclosure statement whenever the seller has knowledge that
25 information on the disclosure statement is no longer accurate.

- 1 (6) This section shall not apply to a transfer:
- 2 (a) Pursuant to a court order, a foreclosure sale, or a
3 sale by a trustee under a power of sale in a deed of trust;
- 4 (b) By a trustee in bankruptcy;
- 5 (c) To a mortgagee by a mortgagor or successor in
6 interest or to a beneficiary of a deed of trust by a trustor or
7 successor in interest;
- 8 (d) By a mortgagee, a beneficiary under a deed of trust,
9 or a seller under a land contract who has acquired the real property
10 at a sale conducted pursuant to a power of sale under a deed of
11 trust, at a sale pursuant to a court-ordered foreclosure, or by a
12 deed in lieu of foreclosure;
- 13 (e) By a fiduciary in the course of the administration of
14 a decedent's estate, guardianship, conservatorship, or trust except
15 when the fiduciary is also the occupant or was an occupant of one of
16 the dwelling units being sold;
- 17 (f) From one or more co-owners to one or more other co-
18 owners;
- 19 (g) Made to a spouse or to a person or persons in the
20 lineal line of consanguinity of one or more of the transferors;
- 21 (h) Between spouses resulting from a decree of
22 dissolution of marriage or a decree of legal separation or from a
23 property settlement agreement incidental to such a decree;
- 24 (i) Pursuant to a merger, consolidation, sale, or
25 transfer of assets of a corporation pursuant to a plan of merger or

1 consolidation filed with the Secretary of State;

2 (j) To or from any governmental entity;

3 (k) Of newly constructed residential real property which
4 has never been occupied; or

5 (l) From a third-party relocation company if the third-
6 party relocation company has provided the prospective purchaser a
7 disclosure statement from the most immediate seller unless the most
8 immediate seller meets one of the exceptions in this section. If a
9 disclosure statement is required, and if a third-party relocation
10 company fails to supply a disclosure statement from its most
11 immediate seller on or before the effective date of any contract
12 which binds the purchaser to purchase the real property, the third-
13 party relocation company shall be liable to the prospective purchaser
14 to the same extent as a seller under this section.

15 (7) The disclosure statement and any update to the
16 statement shall be delivered by the seller or the agent of the seller
17 to the purchaser or the agent of the purchaser on or before the
18 effective date of any contract which binds the purchaser to purchase
19 the real property, and the purchaser shall acknowledge in writing
20 receipt of the disclosure statement or update.

21 (8) The seller shall not be liable under this section for
22 any error, inaccuracy, or omission of any information in a disclosure
23 statement if the error, inaccuracy, or omission was not within the
24 personal knowledge of the seller.

25 (9) A person representing a principal in the transaction

1 shall not be liable under this section for any error, inaccuracy, or
2 omission of any information in a disclosure statement unless that
3 person has knowledge of the error, inaccuracy, or omission on the
4 part of the seller.

5 (10) A person licensed as a salesperson or broker
6 pursuant to the Nebraska Real Estate License Act shall not be
7 required to verify the accuracy or completeness of any disclosure
8 statement prepared pursuant to this section, and the only obligation
9 of a buyer's agent pursuant to this section is to assure that a copy
10 of the statement is delivered to the buyer on or before the effective
11 date of any purchase agreement which binds the buyer to purchase the
12 property subject to the disclosure statement. This subsection does
13 not limit the duties and obligations provided in section 76-2418 or
14 in subsection (9) of this section with respect to a buyer's agent.

15 (11) A transfer of an interest in real property subject
16 to this section may not be invalidated solely because of the failure
17 of any person to comply with this section.

18 (12) If a conveyance of real property is not made in
19 compliance with this section, the purchaser shall have a cause of
20 action against the seller and may recover the actual damages, court
21 costs, and reasonable attorney's fees. The cause of action created by
22 this section shall be in addition to any other cause of action that
23 the purchaser may have. Any action to recover damages under the cause
24 of action shall be commenced within one year after the purchaser
25 takes possession or the conveyance of the real property, whichever

1 occurs first.

2 (13) The State Real Estate Commission shall adopt and
3 promulgate rules and regulations to carry out this section.

4 Sec. 14. Original section 76-2,120, Reissue Revised
5 Statutes of Nebraska, is repealed.

6 Sec. 15. Since an emergency exists, this act takes effect
7 when passed and approved according to law.