

REAL ESTATE AND COMMERCIAL LAW SUBCOMMITTEE
Senator Jerry Moran, Chairman
February 13, 1990

SB 510 - Oil and gas owners' lien act. (by Senator Hayden)

PROPONENTS

Senator Leroy Hayden
Representative Eugene Shore (ATTACHMENT 1)
Pete McGill (ATTACHMENT 2)
Greg Stucky, SW Ks. Royalty Owners
Tim Hagemann, Co. Appraisers (ATTACHMENT 3)

OPPONENTS

Don Schnake, KIOGA (ATTACHMENT 4)
Spencer DePew, KIOGA (ATTACHMENT 5)

Subcommittee recommended the chairman write letter to encourage the groups to work out their differences.

SB 527 - Unenforced foreclosure judgments; cancellation and renewal affidavits. (requested by Randy Hearrel, Judicial Council)

PROPONENTS

Matt Lynch, Judicial Council
Cal Karlin, Lawrence attorney

OPPONENTS

Subcommittee recommended a cleanup amendment to delete one word and to report favorably.

HB 2432 - Transfer of property prior to payment of personal property tax; bankruptcy proceedings. (by House Local Government)

Subcommittee recommended the bill be reported adversely. (The sponsor said the bill was not needed any more)

HB 2478 - Abandoned personal property liens may be removed from records by register of deeds. (by Judiciary)

PROPONENTS

Linda Fincham, Register of Deeds
Assoc. Marshall Co. Reg. of
Deeds (ATTACHMENT 6)

OPPONENTS

Janet Stubbs, Home Builders
Association (ATTACHMENT 7)

Subcommittee recommends deleting the House floor amendment starting in line 36 and to report the bill favorably as amended.

EUGENE L. SHORE

JUDICIARY COMMITTEE: TESTIMONY FOR FEBRUARY 1, 1990, 10:00 P.M., RM.514-S,
PROPONENT FOR SB-510.

THIS LEGISLATION COMES AS A RESULT OF CONCERN STATE-WIDE FOR
LEASEHOLDERS OF ROYALTIES AFTER A PRODUCER FILES FOR BANKRUPTCY.

ROYALTY IS RENT PAID TO THE OWNERS OF MINERALS IF AND WHEN A
GAS OR OIL WELL IS PRODUCED. IF A PRODUCER TAKES OUT BANKRUPTCY,
UNDER CURRENT KANSAS LAW, THE ROYALTY OWNER BECOMES AN UNSECURED
CREDITOR. AS SUCH THE WELL MAY CONTINUE TO BE PRODUCED AND THE
OWNER OF THE MINERAL RIGHTS REMAIN UNPAID WHILE SECURED CREDITORS
ARE AT LEAST PARTIALLY PAID.

IF YOU LEASE THE SURFACE OF YOUR LAND FOR FARMING, AND YOUR
TENANT IS BANKRUPT YOU STILL COLLECT YOUR RENT SHARE. IF YOU LEASE
YOUR MINERALS AND THE PRODUCER IS BANKRUPT, YOU ARE LAST IN LINE TO
BE PAID, IF AND WHEN OTHER DEBTS ARE SATISFIED.

THIS BILL WOULD NOT GIVE ROYALTY OWNERS A PRIORITY OVER OTHER
SECURED CREDITORS BUT WOULD GIVE THE ROYALTY OWNER A MEANS TO FILE
A CLAIM AND PLACE A LIEN ON THE PROCEEDS OF THE GAS OR OIL. THUS,
HE BECOMES A SECURED RATHER THAN AN UNSECURED CREDITOR.

WELL PUBLICIZED PROBLEMS IN THE GAS AND OIL INDUSTRY HAVE
PROMPTED SURROUNDING STATES TO PASS SIMILAR LEGISLATION PROTECTING
ROYALTY OWNERS. TWO FEATURES OF TEXAS LAW WHICH ARE NOT INCLUDED IN
SB-510, WHICH I THINK WOULD BE GOOD AMENDMENTS IS THAT ROYALTY
OWNERS ARE AUTOMATICALLY PERFECTED WITHOUT THE NEED FOR A FILING

Judiciary
RE#CL Subcommittee - *Attachment 1*
2-1-90 *1/4*

OR RECORDING. INSTEAD THE STATUTE PROVIDES THAT A SECURITY AGREEMENT EXISTS BETWEEN THE INTEREST OWNER AND THE PURCHASER WHENEVER THE INTEREST OWNER SIGNS A LEASE, DIVISION ORDER OR OTHER DOCUMENT THAT IS ACKNOWLEDGED BY THE FIRST PURCHASER. ANOTHER DESIRABLE PROVISION IN THE TEXAS LAW STATES THAT AN OPERATOR WILL BE CONSIDERED TO BE A "FIRST PURCHASER" SUBJECT TO THE SECURITY INTEREST AND LIEN" TO THE EXTENT THE OPERATOR RECEIVES PROCEEDS ATTRIBUTED TO THE INTERESTS OF OTHER INTEREST OWNERS FROM A THIRD-PARTY PURCHASER WHO ACTS IN GOOD FAITH UNDER A DIVISION ORDER OR OTHER AGREEMENT SIGNED BY SUCH OPERATOR. THANK YOU, MR. CHAIRMAN, I STAND FOR QUESTIONS.

NEUBAUER, SHARP, McQUEEN, DREILING & MORAIN, P. A.

ATTORNEYS AT LAW

419 NORTH KANSAS

P. O. BOX 2619

LIBERAL, KANSAS 67905-2619

AREA CODE 316

TELEPHONE 624-2548

REX A. NEUBAUER
GENE H. SHARP*
KERRY E. McQUEEN
MICHAEL P. DREILING
JAMES H. MORAIN
KEITH WILSON*
FRANK SCHWARTZ

DANIEL H. DIEPENBROCK*
TAMMIE E. KURTH*
REX A. SHARP*

*ADMITTED IN KANSAS AND OKLAHOMA
*ADMITTED IN KANSAS, OKLAHOMA AND TEXAS
ALL OTHERS ADMITTED IN KANSAS

OF COUNSEL
H. HOBBLE, JR.

CHAS. VANCE
(1904-1979)

August 23, 1988

Robert G. Frey
Kansas State Government
State Capitol
Topeka, KS 66612

Dear Bob:

A couple of years ago I had a royalty owner client lose several thousands dollars when the operator of the well took bankruptcy. The bankruptcy court held that the claims of royalty owners who had not been paid for about six months were unsecured claims even as against uncollected funds in the hands of the purchasers of runs from particular wells in which the royalty owners had an interest. This particular company was a large independent, and I see the same thing developing again in the case of Slawson.

Oklahoma got busy and passed some legislation to protect the royalty owners by giving them a lien (assuming proper filings were made) on the production as well as the proceeds thereof to the extent of their interest. I think the bill will also have the effect of freeing subsequent purchasers from the burden of any claims that royalty owners might have and therefore refiners and pipeline companies should support such legislation.

I would urge you to introduce into the Kansas legislature a similar bill to Oklahoma's, a copy of which is enclosed for your information.

Sincerely yours,


Gene H. Sharp
FOR THE FIRM

GHS:bh
Enclosure
cc:Bernie Nordling

Attach 1
3/4

Gene Showe

Bob L

Business/Farm

Morning Line

● Dow Jones	2083.04	+10.67
● Gold-N.Y. close	\$420.90	-.45
● Wheat-Wichita	\$3.66	+.07

● Oil-N.Y. Merc.	\$14.56	+.07
● Milo-Andale	\$4.25	unch
● Steers-Dodge C.	\$70.25	-.25
● Hogs-Clearwater	\$40.00	-.50

8A

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Oklahomans file liens in Slawson case

More than 400 royalty owners protect interests

By Forrest S. Gossett and Frank Garofalo Staff Writers

For Jerri Stanford, who has a gas well lease with troubled Wichita oilman Donald Slawson, these are anxious times.

Stanford of Wilburton, Okla., says she's still waiting for the first royalty payment from Slawson on the well his company drilled and put into production last year.

Slawson has told her that she will be getting a check by Tuesday and after that monthly, she said.

"I'm in the middle of building a new house, and I was planning on using that money to pay for it," Stanford said in a telephone interview last week from her flower shop in Wilburton.

So to protect her interest in the well, Stanford has filed a lien — called a No-

tice of Oil and Gas Owners Lien — with the Latimer County clerk's office against Slawson.

More than 400 royalty owners have filed liens across Oklahoma to protect themselves in a foreclosure action brought by the giant Mellon Bank of Pittsburgh against Slawson's oil and gas holdings in 27 Oklahoma counties.

Mellon filed a Notice of Sale on July 12, declaring Slawson in default of \$176 million in loans. The sale covers 1,000 Slawson-operated oil and gas lease properties in the state.

The bank says that if Slawson doesn't pay off the loans, it will sell his holdings in a public sale on the steps of the Oklahoma County Court House on Monday at 10 a.m.

Mellon also has a \$14 million foreclosure lawsuit in U.S. District Court in Wichita on Slawson's undeveloped real estate holdings in Wichita.

The Oklahoma liens were filed at the urging of the National Association of Royalty Owners.

Under an Oklahoma law adopted in June, by filing the liens, Oklahoma royalty owners become preferred creditors in any foreclosure or bankruptcy action. Previously, Oklahoma law was unclear on the status of the royalty owners, said Harry Schafer, chairman of the royalty owners group.

Liens filed under the law protect the leaseholders if the oil or gas properties change ownership. The Oklahoma law now provides that any new owners of the

leases must make royalty payments.

Slawson's Wichita lawyer, Bob Howard, did not return telephone calls to answer questions about the filing of the liens.

Slawson can still stop the sale by paying off the loan or through legal action, which could include filing for bankruptcy protection from his creditors or seeking a court order blocking the sale.

Kansas royalty owners don't have the protection that the Oklahoma law provides. Kansas' who have leases with Slawson would have to file individual lawsuits or line up as creditors in case of a bankruptcy action.

The Oklahoma law became effective on June 8, and it has not yet been tested in any court, said a spokesman for the Oklahoma Attorney General's Office.

Stanford said she wasn't aware of Slawson's problems until she and other royalty owners in the Wilburton area saw a legal publication of the notice of sale by Mellon of all the properties.

"As I understand it, if they (Slawson) file bankruptcy, then whoever would take over must pay us," said Stanford. "But our concern is that if they file bankruptcy, it will take years before it's settled and we can get paid. Everybody is keeping their fingers crossed."

Cecil Job of Buffalo in Harper County, Okla., is another gas well owner who filed a lien to protect his interest. His story is essentially the same as Stanford's. He said he hasn't received any production payments since the well started production in July or August last year. Job said he has received no communication from Slawson and doesn't really know what to expect.

Attachment

144

2-1-90

**PETE
MCGILL
& ASSOCIATES INC.**

GOVERNMENT AFFAIRS & PUBLIC RELATIONS

412 CAPITOL TOWER • 400 WEST EIGHTH • TOPEKA, KANSAS 66603 • 913•233•4512 • FAX 913•233•2206

**TESTIMONY
PRESENTED TO THE
SENATE JUDICIARY COMMITTEE
ON FEBRUARY 1, 1990
BY
PETE MCGILL
OF PETE MCGILL & ASSOCIATES, INC.
ON BEHALF OF
SOUTHWEST KANSAS ROYALTY OWNERS ASSOCIATION**

Judiciary
RE # CL *Subcommittee*
2-1-90

Attachment 2
1/4

Mr. Chairman, Members of the Committee,

I am Pete McGill of Pete McGill & Associates. We are appearing here today on behalf of the Southwest Kansas Royalty Owners Association, comprised of approximately 2,000 members. This is an organization that has been in existence for many years.

There is a bill in the House Judiciary Committee, HB 2353, that was introduced last year very similar to the one before you today. Bernie Nordling, the Executive Director of the Southwest Kansas Royalty Owners called me prior to the last session to seek our assistance and represent them on this issue. I asked him to send me a copy of his suggested proposal with a full explanation of all the ramifications of the problem. He did that and we had an opportunity to examine all aspects of his suggestion.

I called Mr. Nordling and told him I didn't believe he needed a lobbyist because his proposal, if I understood it correctly, was calling for nothing more than fairness and equity and a protection of rights of the

investors. As most of you know, I lived in Cowley County in southern Kansas for many years. I invested in more than one well and have personally known most of the oil and gas producers in that region of the State and many others across Kansas. Most all of them are good people and legitimate operators and I believe would have no objections to the purpose of this legislation.

Every producer I know is extremely interested in protecting their investors interests and would also be equally embarrassed by those in the industry who did not protect the rights of the interest owners. Any action to the contrary reflects adversely on the entire industry. I honestly thought this would pass easily last year, because as I indicated to Mr. Nordling, no legitimate producer in the oil industry would have any objection and the only ones that I could see that would be opposed to the purpose and intent of this bill, would be those that would condone such practices as this bill attempts to correct.

Obviously, I was in error because I reviewed the minutes of the hearings in the House committee last year and the principal opponent was my good friend Mr. Schnacke. I would hardly put him in the category of those who condone such practices and as I reviewed his testimony, it appeared his objections were not directed so much to the purpose and

intent of the bill as they were to what he perceived to be some of the other ramifications.

The language in this bill is very technical and complicated in form and I do not pretend to tell you I understand all the legal language apparently necessary to correct this inequity. The purpose of the bill is to protect the legitimate rights of the interest holder and provide the necessary remedies to protect those rights. If that is all this bill does it seems reasonable to me, and I hope you would agree, that the interest owner is entitled to considerations asked for in SB 510. If it does more than that and the legal language needs to be modified or changed, I respectfully suggest we give that consideration.

Mr. Stucky, an attorney from Wichita is here today on behalf of the Southwest Kansas Royalty Owners, and he is regarded as one of the foremost authorities in the state on oil & gas law. He will provide the committee with a detailed explanation of SB 510 and is very capable in responding to any of the technical questions you may have.

Thank you for your consideration.

TESTIMONY
 PRESENTED TO THE
 SENATE JUDICIARY COMMITTEE
 ON FEBRUARY 1, 1990
 BY
 TIMOTHY N. HAGEMANN
 COUNTY APPRAISER
 FOR
 HASKELL, STEVENS, AND MORTON COUNTIES
 MINERAL APPRAISER
 FOR
 HAMILTON, GREELEY AND LANE COUNTIES
 ALSO REPRESENTING
 STANTON, GRANT, AND KEARNY COUNTIES

Mr. Chairman and Members of the Committee:

I appear before you in support of SB 510.

Starting in the summer of 1986, after the devastating oil price collapse earlier in the spring, and continuing in 1987, several county appraisers in my area had many leasehold interest owners request that our offices separate their fractional percentage of values in order that they would be able to pay their share of the leasehold taxes.

These owners were told that their interest could not be taxed separately due to the interpretation of the Kansas Statutes by the Division of Property Valuation, together with the fact that most operating agreements require the lease operator to render the property to the County Appraiser and that 100% of the working interest taxes be paid.

These owners were simply trying to identify their own individual ownership as they were concerned that the lease operator was at or near bankruptcy.

I sympathize with these people and certainly understand their concern. Although I do not understand all the legal ramifications of SB 510, I do know that these lease interest owners' frustrations and fears

Attachment 3
2/3

seemed to be sincere. I appear today to share this concern for those interest owners who have contacted our offices.

Thank you and I would be happy to respond to questions relating to my testimony.



KANSAS INDEPENDENT OIL & GAS ASSOCIATION

105 SOUTH BROADWAY • SUITE 500 • WICHITA, KANSAS 67202 • (316) 263-7297

February 1, 1990

TO: Senate Judiciary Subcommittee

**RE: SB 510 - Oil & Gas
Owners Lien Act**

This bill is similar to HB 2353 (1989) which was heard in the House Judiciary Committee last year. We appeared in opposition to HB 2353 and the Committee voted to take no action. It also voted to not remove it from the table at a late hour in the session.

Our problems with SB 510 are similar to our problems with HB 2353. The sponsors have never communicated with our industry attempting to express their concern or define a problem. We still have difficulty understanding why this bill is necessary. Both HB 2353 and SB 510 were sponsored by legislators from southwest Kansas. We'd like to know what events have taken place to justify passing a law like SB 510 that would have statewide impact.

I have with me today Spencer Depew, of Depew, Gillen & Rathbun of Wichita. Spencer is a Director of KIOGA and Chairman of the KIOGA Legislative Committee. He has been Chairman of our Natural Gas Committee. He has extensive legal background in oil and gas matters.

I believe after you listen to Mr. Depew's analysis of SB 510 you will understand why KIOGA is appearing in opposition to the bill.

**Donald P. Schnacke
Executive Vice President
KIOGA**

RE: CL Subcommittee *Attachment 4*
2-1-90 *Judiciary*

February 1, 1990

Senate Judiciary Committee
Subcommittee on Real Estate
and Commercial Law

Re: Senate Bill No. 510

I have reviewed Senate Bill No. 510 and find that I still have some of the problems that I had a year ago when I reviewed House Bill No. 2353. Some of my earlier concerns have perhaps been taken care of, but I am still having trouble with the concept of the Oil and Gas Owners' Lien Act.

Perhaps the biggest problem that I am having is gaining an understanding of why this Bill is even necessary. Or perhaps, I should say that I am having problems understanding what events have taken place which have resulted in the necessity of such a law.

In reviewing Senate Bill No. 510, I make the following comments:

1. I have no comments regarding Section 1.

2. Section 2 of the Bill contains definitions. I am still having trouble with the concept of the "first purchaser". Can there be more than one first purchaser? The definition includes the first person who "takes, receives, or purchases oil or gas from an interest owner...". This definition needs clarification. If the interest owner purports to put a lien in effect, can he only have one lien or can there be multiple liens upon an interest? We have various people taking and receiving oil and gas from the leasehold estate, and many times the oil or gas goes through many hands on its way to market. As you know, the marketing of natural gas has changed completely in recent years and with sales of natural gas being made into the spot market, gas is handled by several different pipelines before it is delivered to the ultimate user. Many times the operator never touches the gas. I can see nothing but problems arising from the attempted definition of the "first purchaser".

Attachment 5
RE#CL Subcommittee - Judiciary
2-1-90

The definition of the "interest owner" is also somewhat confusing. I would like to assist in redefining the "first purchaser" and the "interest owner" but I find that this is hard to do when I do not know the purpose of Bill.

3. Section 3 of the Bill makes provision for the granting of a security interest in and lien upon the leasehold estate of the person who has failed to make timely payment in accordance with the provision of the act. In general, the person who is to make payment for oil and/or gas produced from an oil and gas lease is not a person that has an interest in the leasehold estate. If Apex Oil Company is purchasing crude oil from an oil and gas lease in Southwest Kansas, and if Apex Oil Company fails to make timely payment in accordance with the provisions of the act, there will be no leasehold estate which will be subject to the security interest and lien. The act then provides that there shall also be a security interest in and lien upon the oil and gas which was severed or the proceeds of the sale if the oil and gas has been sold. Assuming that Apex Oil Company has delivered the crude oil to the Jiffy refinery in El Dorado, Kansas, how is the interest owner going to ever locate the crude oil, or perhaps the refined products from the same, when the identity of the crude oil has long since disappeared? If we are dealing with natural gas, we could get the same problem if the natural gas went into the Oklahoma Eastern Pipeline and the same was delivered to the Kansas City, Missouri, area where it was consumed in a residential furnace. Perhaps it is possible to segregate the crude oil in a separate tank, but there is no way to segregate natural gas in a pipeline.

Subsection (c) of Section 3 then purports to protect "any first purchaser without actual notice of the filing of the security interest and lien". Presumably this is to allow the oil or gas to be resold or used in commerce. But what if the first purchaser has actual notice? What is the first purchaser supposed to do with the crude oil or natural gas?

4. Section 4 of the Bill purports to tell when an interest owner may perfect his security interest and lien. Specifically, subparagraph (a) states: "If the payment due by reason of the sale of oil or gas is not made to the interest owner within 30 days from the date of payment of the purchase price to one who is authorized to receive such payment,...." I do not know what legislative intent may be behind this language. I always thought that I was fairly knowledgeable in the oil and gas law area and in oil and gas lease procedures. Nonetheless, I do not understand this language. Is the Bill drafter trying to say that payment must be made for oil or gas 30 days after the date it is removed from the oil and gas lease? If so, it seems to me that it could be said in a better way. When an oil and gas well commences production, it is generally impossible to prepare an Abstract of Title, to examine the same, to prepare division orders, to have them fully executed,

and to disburse money within 30 days from the date of first sale. As an attorney representing many producers, I know for a fact that this cannot be done in 30 days. It generally takes far more than 30 days to build a new Abstract of Title if one is not already available. Another problem I see arises from the production and sale of natural gas. Many times the ultimate purchaser of the gas makes payments back up the line to pipelines or brokers, who in turn may remit either directly to the interest owners or to the operator who in turn remits to the interest owners. Most purchasers in the oil and gas industry only disburse funds on a monthly basis and when you are dealing with natural gas you are delayed by the time it takes for the pipeline company to have the charts or meters integrated and the results forwarded back to the pipeline and then on to the purchaser. There is no way that all of these steps can be accomplished within a 30 day period from the time that the product is severed from the lease.

The Notice of Oil and Gas Owner's Security Interest and Lien form as set forth in Section 4 is defective on its face. It purports to impose a security interest and lien in the entire leasehold estate from which the oil and gas is severed. This is in direct contradiction to the terms of Section 3 of the Bill, which limit the lien and security interest upon the leasehold estate to the interest and estate of the person who failed to make timely payment. The Bill then provides for the giving of notice by mail to the person charged with failing to make timely payment to the operator and to the first purchaser. I am not sure how the person preparing this notice would necessarily know the identity and address of the first purchaser as that term is defined in Section 2.

Subsection (b) then says that this notice will be legally sufficient for purposes of this act even though it doesn't comply with the formal requirements of a financing statement under the Uniform Commercial Code. This provision in itself will cause a great deal of litigation in the State of Kansas.

Subsection (a) says that the Notice of Oil and Gas Owner's Security Interest and Lien must be verified. As you know, we have a series of recent cases in the State of Kansas relating to the filing of mechanics' liens in the office of the Clerk of the District Court and the formal requisites for the same. As to mechanics' liens, a verification is legally inadequate. The portions of the Bill relating to the formality of the filing and the form of the notice need to be improved considerably.

Regarding the form of the notice, it in no way indicates at all the fact that the lien and security interest would be limited to the oil and gas leasehold estate interest of the person who failed to make the timely payment. I am confident that this proposed form of notice would not withstand judicial scrutiny and that the same does not comply with "due process" requirements

insofar as the interest of the person who purportedly failed to make timely payment.

Subsection (c) of Section 4 contains provisions regarding the relating back of the lien and security interest. With a statute like this I am not sure how anyone would ever feel safe in purchasing an interest in an oil and gas lease unless the sale proceeds were escrowed for more than 90 days and then a title check was run. This section of the statute also purports to give a preference to the lien as to all other liens or encumbrances which may attach after the date on which severance occurred. How would this be integrated with the present Kansas law regarding the priorities and preferences of mechanics' liens on leaseholds? The Bill says that the priority will be determined pursuant to K.S.A. 55-207, et seq., and amendments thereto, but it does not seem to address the relative priority of the secret lien as to mechanics' liens.

Section 5(a) is an unusual proposed Kansas statute in that it would purport to grant reasonable attorney fees to the prevailing party. As I pointed out last year, I would interpret this to mean that if the claimant is unsuccessful in pursuing his claim in foreclosing his security interest and lien, the claimant would be subjecting himself to substantial liability for the costs and attorney fees which would be incurred in defending such an action. This is a drastic change from Kansas present law and I am sure that it is a concept that the judiciary committees of the legislature will find interesting.

I feel that Senate Bill No. 510 will have far reaching effects in industry and commerce, and that the enactment of this Bill in its present form could well lead to chaos in connection with the operation of oil and gas leases, the purchase of crude oil and natural gas from oil and gas leases, and it likely would provide an economically fertile heyday for Kansas attorneys who could litigate some of these questions for many years to come. For these reasons, KIOGA opposes Senate Bill No. 510 in its present form.

Respectfully submitted,

SPENCER L. DEPEW

Good morning Chairman Winter and members of the Committee. I am Linda Fincham, Register of Deeds from Marshall County and Chairman of the Register of Deeds Legislative committee. Last year the Register of Deeds Association asked for and a bill was drafted and introduced which would give us the capability of pulling mechanics liens and removing them from our records. The Register of Deeds Association is in favor of that portion of H.B. 2478 which would allow this procedure. At this time some of the counties have mechanics liens on record for vehicles that are over 20 years old. Most of these vehicles are no longer on the road.

The present law allows that if necessary legal action is not enforced within one year after the lien was filed, it shall be deemed abandoned and shall be thereafter void. This present law does not legally allow us to remove and destroy these old records.

The proposed amendment on lines 32 thru 35 would allow us to remove these old liens and destroy them, thereby freeing up much needed space in our records and filing systems.

The Register of Deeds Association testified last year on this bill to that portion which pertains to our office. The bill was later amended to add language which applies only to the Clerk of the District Court's office. We have no problem with that part of the bill, however if a concern would arise relating to the Clerk of the District Court's amendment, we respectfully request that the committee consider favorable passage of the amendment which allows the Register of Deeds offices to remove and destroy liens as proposed on lines 32 thru 35.

The Register of Deeds Association would appreciate your consideration and support to H.B. 2478.

I have several members of my committee here today, and if you have any questions, we would be happy to try and answer them. I have also included an example of an old mechanics lien.

Attachment 6
RECL Subcommittee - Judiciary
2-1-90 *1/4*



KENNEDY MOTOR CO.

Telephone BYron 2-4526

FRANKFORT, KANSAS 66427

Feb 7 1967

Register of Deeds office
County Courthouse
Marionville Kansas

We wish to file a mechanic's lien on the following vehicle:
For \$40.04

1961 Ford four door Fairlane 500

Serial # 1Z 42W 105905

owner ~~is~~ Ronald Thompson
Frankfort Kansas

We assume the filing fee is still 50¢ which we are enclosing.
If the fee is more please let us know.

Yours truly
Charles Wendling

PASSENGER CARS and TRUCKS

Attachment 6
2/4

All claims and returned goods MUST be accompanied by this bill within 30 days.

KENNEDY MOTOR COMPANY

Telephone BY - 24526



FRANKFORT, KANSAS

CUSTOMER'S ORDER NO. _____

DATE

January 11, 1967

SOLD TO

Ronald Thompson

ADDRESS

61 Ford 1242W-105705 71743 miles

MOSE. SOLD		MOSE. RET'D		REC'D ON ACCT..NOTE	MISC'L	PAID OUT
CASH	CHARGE	CASH	CREDIT			
	✓					

QUAN.	NUMBER	ARTICLES	PRICE	AMOUNT
1	C1A2-72371-B	Vacuum throttle control valve		5.00
1	C202-9502-C	carburetor gaskets		95
1	C1A2-9501-D	float valve		1.50
1	C0A2-9A565-C	lean mixer valve		80
1	C1A2-90559-A	accelerator pump		80
1	C0AE-9607B	air cleaner filter		4.10
2	C2AE-2001B	front brakes		4.00
2	C3A2-2201-A	wheel cylinder cups	40	80
1	C1AA-2011-A	adjusting screw		27
1	C1A2-6731A	spin on oil filter		3.70
		brake fluid		40
2		qts trans fluid	65	1.30
6		qts motor oil	50	3.00
		Sales TAX		27.72
		overhaul carburetor & adjust timing	6.50	TOTAL 13.00
		labor on brakes	2.00	3.00
		SALES TAX	12.00	RECEIVED BY

60866

SALES TAX

RECEIVED BY

4004

MAVRAI OFFICE EQUIPMENT, EMPORIA, KANSAS

Attachment 6
3/4

Handwritten scribbles at the top of the page.

STATE OF KANSAS
Marshall County
FILED AND RECORDED

FEB 0 1967

Handwritten signature and text:
Notary Public
Marshall County, Kansas
W. D. [Signature]

Main body of the document containing multiple lines of handwritten text, mostly illegible due to blurring and bleed-through.

Bottom section of the document with various stamps and handwritten notes:
RECORDED BY [Signature]
FEB 0 1967
MARSHALL COUNTY, KANSAS
L 11
13 00
11 00
10 00
9 00
8 00
7 00
6 00
5 00
4 00
3 00
2 00
1 00
0 00

SENATE JUDICIARY SUBCOMMITTEE
ON
HB 2478

Chairman Moran and members of the Committee:

I am Janet Stubbs, Executive Director of the Home Builders Association of Kansas representing approximately 2000 members of the light construction industry across the State of Kansas. I am appearing today in opposition to HB 2478 as it was amended by the House Committee of the Whole.

During the 1980's, significant amendments were made to the statutes relating to filing of mechanic's liens on both existing and new residential structures. These changes were designed to protect the consumer while requiring the contractor to exercise responsible business procedures to protect his/her lien rights. To my knowledge, there has been no problems since these changes were made to KSA60-1103a in 1986 and 1987.

The requirement proposed in HB 2478 was discussed thoroughly at the time and the Legislature recognized the delay this procedure would cause on a job. They also recognized that time is money. For a sub-contractor or supplier to delay his services for a job until a notice described by HB 2478 could be given would also cause ill will on all job fronts, including the inconvenience to the homeowner.

In conclusion, we believe the provisions of HB 2478 are unnecessary and ask that you delete these provisions before approving this piece of legislation.

RE: CL Subcommittee - *Attachment 7*
Judiciary
2-1-90 *1/1*